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Masters in Analysis and Policy in Economics (APE)

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Income Inequality, Political Instability,  
and the Thai Democratic Struggle

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*For every woman and man  
who has fought against or suffered from reducible injustice  
in Thailand, and all over the world.*



## **Abstract**

This thesis re-examines the dynamics of income inequality in Thailand between 2001 and 2016. The main motivation lies in the lack of information on the richest citizens in household surveys, which can lead to a significant underestimation of the inequality level and to a false representation of the historical trend. We combined household surveys, fiscal data, and national accounts to create a more consistent inequality series. Our results indicate that income inequality is much higher than what past surveys have suggested, specifically when looking at the reduction in inequality, which turns out to be much more conservative. The top 10% income share went from 52.62% of national income in 2001 to 51.49% in 2016, and the bottom 50% share increased from 11.30% to 13.90%. Within the same time frame, the Gini coefficient decreased by only 0.04, reaching 0.60 in 2016. These observed dynamics can be put into perspective using recent political conflicts in Thailand, where a strong anti-democratic sentiment has been arising within the middle and upper social classes. The growth incidence curve shows that the bottom half have been growing faster than the average since 2001, while the middle class has been growing at a rate below the national average. In line with recent works focusing on class conflicts through the lens of the preference for democracy, we argue that this phenomenon led to a strong reaction against democracy from the middle class, who had benefited from significant growth prior to 2001. Using CSES data, it is briefly shown that there has been a rise of income and education cleavage in Thai politics from 2001 and on, reflecting these patterns.

**JEL codes:** D31, D63

**Keywords:** Thailand, personal income tax, income inequality, growth, political economy, democratic transitions.



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## Introduction

Thailand, alongside many other developing countries, is still undergoing a long episode of political instability and democratic struggle. Since the 1932 Siamese revolution, which transitioned the country from absolute monarchy to democratic rule under constitutional monarchy, 12 military coups d'état were successful — six of them after 1970.<sup>1</sup> Yet, Thailand was one of the fastest growing economies in Asia from the 1970s up until the Asian Financial Crisis despite having constant political conflicts and decades of non-democratic governments. As a result, its political economic relations and how it conditions economic growth begs for investigations into the complex interrelations between economic development, political inequality, and economic inequality.

The focus of this work is fundamentally driven by the moral relevance of inequality. Apart from a very few developed economies, highly unequal income and wealth distributions — amongst other types of inequality measures — can be observed today: and not only as itself, but also as reflected either explicitly or implicitly in other social dimensions such as access to opportunities, democratic stability, political representation, labour market conditions, or health outcomes. If poverty is "not having the capability to realise one's full potential as a human being", as Sen (1999) have put, the dynamics of inequality reveals the extent to which different groups of people in the society are being precluded from that realisation.

More specifically, the studies of Thai inequality and its historical trend is important for three main reasons. *First and foremost*, Thailand has always been referred to as one of the most unequal countries in the world. Credit Suisse (2017) ranks Thailand as one of the most unequal countries in the world along with Russia and India in terms of wealth inequality, with the top 1% holding 56.2% of total wealth (Russia at 56% and India at 45.1%).<sup>2</sup> Given the high correlation between income inequality and wealth inequality,

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<sup>1</sup>7 others were attempted and failed. This put Thailand as the third country with the highest number of coup d'état after Chile and Haiti.

<sup>2</sup>Note that Credit Suisse estimations for most countries in the surveys involve interpolation of wealth inequality from income distribution, which may lead to some degree of inaccuracy. Using a more exhaustive set of data, the World Wealth and Income Database (WID) estimate the top 1% share in Russia to be lower at around 42.6% in 2015 (World Wealth & Income Database, 2017).



it is expectable that income inequality in Thailand is potentially severe. The question of whether this is true, however, must rely on a transparent and harmonised methodology that allows proper cross-country comparisons. This work will employ the methodology that exploits a more complete set of data allowing us to begin to overcome source-specific issues such as the underrepresentation of the rich in survey data.

*Secondly*, the level and trend of inequality has been unclear since the nineties. One might be surprised when told that inequality has been reducing, given the political climate in the past twelve years, and such is the conclusion of almost every recent work on Thai inequality. The problem is that, since the 1997 Asian Financial Crisis, the structure of the Thai political economy has changed significantly. Without rigorous methodology, the inequality estimates thereafter will remain open to scrutiny. It may be true that Thailand has been becoming more and more equal, or it may be the case that the country is still becoming more unequal but at a slower rate than that of the pre-crisis era.

Most importantly, almost all but one exploratory study have exclusively utilised Household Socio-Economic Surveys (SES) in the estimation of the overall distribution of income. The trend derived solely on SES suggests that income inequality has been improving steadily since the early nineties, after having increased rapidly since the take-off stage in the seventies. This may reflect the short period consisting of pushes for democratisation and policies put forth by democratic governments around and after the 1997 Asian Financial Crisis. However, a recent study by Vanitcharearnthum (2017), making use of tax data in an attempt to overcome the issue of underrepresentation of top households, found that the downward trend may have stabilised and reverted after 2007. Which observation, then, is closer to reality? Today, the question remains unanswered, and the true nature of the recent dynamics of Thai inequality unexplored.

*Lastly*, what is most striking, and is the main source of motivation of this work, is the recent political turmoil since around 2006 that still persists at the time of writing: transitions from civilian to military governments, bloody and bloodless street demonstrations, repeatedly-rewritten constitutions, the repression of underground democratic movement through various means, and the transition of the crown. The questions raised here are therefore of utter significance locally: not only as research contributions in the study of inequality, but also perhaps as a mean to further clarify current political debates and catalyse constructive discourse on desirable public policies and political trajectories in Thailand. Very far from being the first of its kind, the most important questions raised in this thesis are: what are the main forces that are determining the level and the structure of income inequality that we observe in the recent years; and how has it evolved in a historical perspective?

Whichever direction the trend of inequality may be since the dawn of the 21st century, this work aims to shed new and clarifying light on the political climate and institutions at play in the Thai economy today. With the hope to present itself as a new foundation for future research on the estimation of Thai income and wealth inequality, either for the important years before the AFC or for the author's dedication to update the series annually as relevant data is rolled out, this thesis will attempt to link the 2000-2016 income inequality series to the pre- and post-AFC changes in the Thai political economic structure.

## 1 Research Questions and Objective

The first main objective of this thesis is to utilise for the first time the tax data and national account in addition to household survey data in estimating the dynamics of income inequality from 2001 to 2016. The Distributional National Account (DINA) for each year will be estimated to provide clearer picture of the distributional structure of different types of income. In the case of Thailand, the data provided in the SES and tax tabulations are rich enough to categorise income into labour and various income from capital, and these estimates will be beneficial to future research on wealth inequality in Thailand. Chapter 2 will be devoted to the production of the series and the discussions on the data and methodology.

As aforementioned, the purpose of this thesis is not only to offer more accurate estimates of income inequality, but to also attempt to link the estimated trend to the political economy of Thailand from a historical perspective. Without doubt, the intermarriage of different groups of political and economic elites and its impact on the economic development in Thailand are the sources of the complex political conflict and the collapse of the Thai economy, which triggered the Asian Financial Crisis in 1997. Consequentially, although the estimates in this thesis will only cover recent years, perhaps they will provide insights into the structural change of the Thai political economy in the post-crisis era. Chapter 3 is then devoted to the preliminary analysis of the relationship between Thai politics, economic development, and inequality.

## 2 An Overview of the Thai development and its Political Economy

This section aims to provide a rudimentary presentation of Thailand's economy and political institutions of major periods and their corresponding economic and political players. The purpose is to provide a general backdrop in the attempt to understand the trend in Thai inequality and its relation to economic development.<sup>3</sup> Although preliminary, chapter 3 will further provide a more systematic analysis of income inequality in relation to the Thai political economy.

At the time of writing, Thailand has the second largest economy in Southeast Asia, after Indonesia and it ranks fourth for GDP per capita, after Singapore, Brunei, and Malaysia. Figure 1.1 shows the national income, in total and per adult, and its growth rate from 1950 to 2016. From the 1950s up until before the 1997 Asian Financial Crisis (AFC), Thailand experienced a long period of remarkable economic growth rate of, on average, around 7.10%, and the average growth was as high as 8% between 1960-1970 and 1981-1990. Prior to the AFC, the Thai economy also experienced a short period of setbacks between mid- 1970s and the 1980s marked by the oil price shocks, the global recession of the 1980s, and the violent political events such as the infamous 'Thammasat University Massacre' on 6 October 1976, and the return of the military dominance in Thai politics

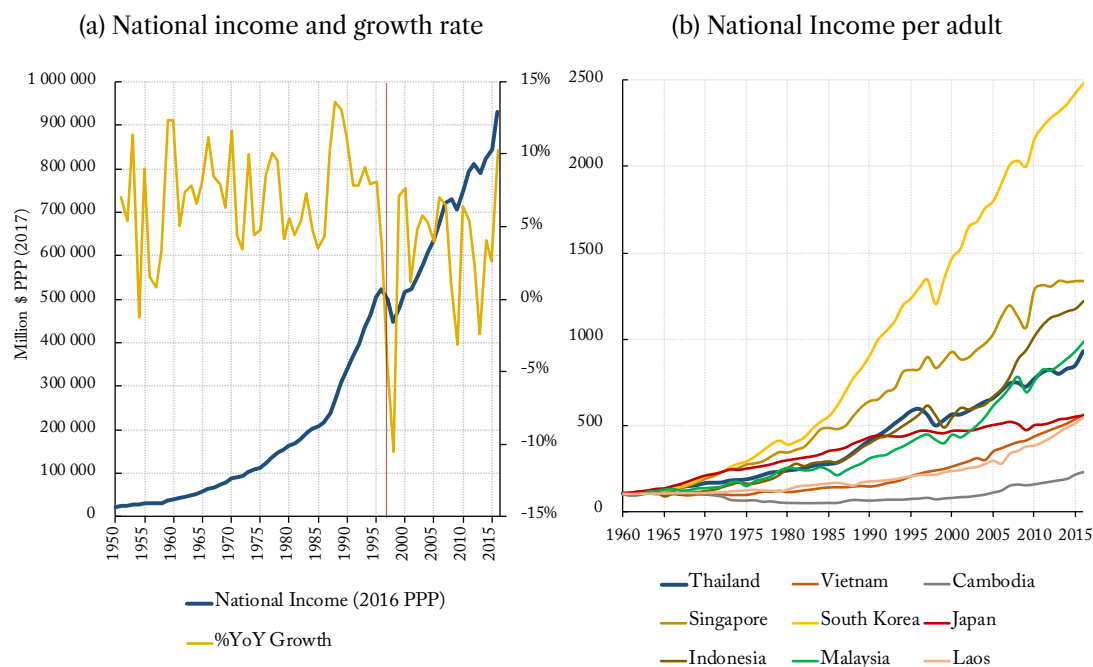
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<sup>3</sup>Please see Baker and Phongpaichit. (2014) for an excellent presentation of Thailand's modern history for a more advance and thorough analysis.

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immediately after. Nonetheless, the economy recovered quite well. Between 1986 up until 1996, the Thai economy continued to prosper with a growth rate of around 9.20%.

Figure 1.1: Thailand's National Income, 1950-2016



Source: WID.world (see the website for methodology)

Note: For the right-hand side graph, the level of national income per adult is set to 100 for all countries for 1960. The purpose of this is the direct visual comparison of the rate of growth across countries.

What follows is the presentation of the Thai political economy in two different key periods: pre- and post-1997 crisis eras. The reason for dividing this introductory Thai political economic history into two major periods at the AFC crisis is not without qualification. It also does not imply that, within each period, there was no variation in the structure of political economic relations. The main motivation for this is that, given my focus on income inequality after 2000, the year 1997 is a good reference point since this is not only when the economy finally stopped experiencing the high rate of growth as compared to the decades before,<sup>4</sup> it is also when there was a new push for democratisation — for instance, through the passing of the 1997 constitution. The nature of the political conflict that still torments today is not comparable to that of the ones before 1997. It would be the first time in 2001 for a civilian government to win an election and stay the entire four-year term. Later in 2005, it was also the first time for a civilian government to be reelected.<sup>5</sup> Satitniramai (2013), arguably one of the most important political economic works on the case of Thailand, argued that the changes in the ‘strength of the state’ (having certain degrees of autonomy and capacity) can largely explain why the Thai government was successful in implementing economic reforms before the crisis, and not thereafter. The divorce between the political elites, the technocrats who are in charge of macroeconomic planning, and the commercial bankers led to poor attempts to restore the pre-crisis rate of prosperity.

<sup>4</sup>The economy seized to boom at the same pace as pre-AFC, and the average growth post-crisis between 2000 and 2015 is a mere 3.50%.

<sup>5</sup>Please see appendix 7.1 for a simple timeline of Thai political history.

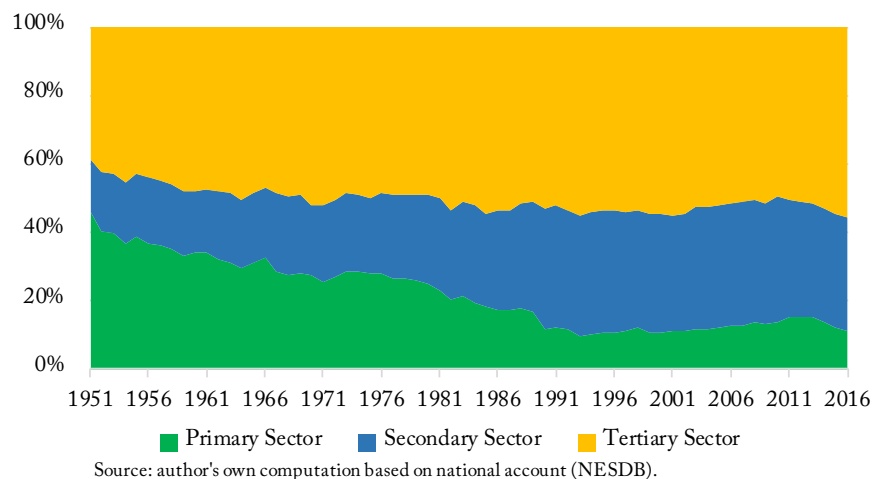
## 2.1 The Thai State from 1950 up to the 1997 Asian Financial Crisis

*'Apart from the King, everyone else is equal'*

King Rama VII (Prajadhipok), justifying the censorship of an economic book on capital accumulation and inequality in 1911.

Siam had been under the system of absolute monarchy up until 1932, when French-educated civil servants and militarymen plotted and executed the Siamese Revolution that installed a new system of government under constitutional monarchy, ridding the monarch entirely of political power. The new government system was inspired largely by the way in which the British Parliament functions; country-wide elections would be held for the house of representatives who in turn elect the prime minister. Yet, it would be the military elites and high-level bureaucrats who held the positions of power, transitioning now and then by mostly bloodless coups d'état for the next five decades or so after the Revolution.

Figure 1.2: GDP by sector, 1951-2016

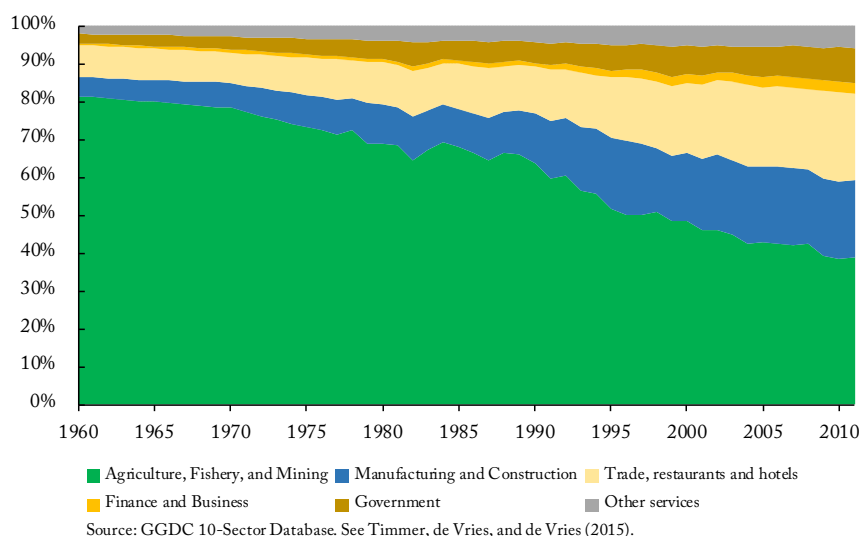


Nonetheless, the authoritarian governments between the 1960s up until the 1980s were successful in implementing macroeconomic policies to continuously fuel the economic growth. With the help of US financial aid, a growing manufacturing industry, and post-war foreign direct investment, the rate of growth between the sixties up to the nineties was indeed remarkable. However, looking from historical perspective, a lot remains to be desired. Much of the prosperity was shared by a small share of the population: mostly the economic elites who engaged directly with the export industries and commercial banking. During the take-off period, the majority of the Thai working population remained in the agricultural fields (figure 1.3). At the beginning of the sixties, the share of those working in the primary sector (agriculture, fishery, and mining) was as high as 80-85%.

As such, one of the main goals for the Thai government should have been to consider the well-being and living standards of the majority that was still working in the fields. But it was not the case, and much of the attention was paid around Bangkok, the capital, and the industries that fed it. The GDP share of the manufacturing sector surpasses the agricultural sector by the beginning of 80s, but the labour movement out of the

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Figure 1.3: Share of Employment by sector, 1960 - 2016



agricultural sector is ‘painfully’ slow. Nidhiprabha (2004) noted that since capital inflows through foreign direct investment and financial aid from the US are spent almost entirely in the manufacturing sector, the capital-labour ratio and the marginal product of labour of the sector increased substantially, while the agricultural productivity remained stagnant. Combined with the fact that the government heavily taxed the production and exportation of primary products, the benefits were basically accrued outside of those belonging in the primary sector. This fundamentally reflects the extremely low bargaining power of the Thai agricultural workers and labourers. Adding insult to injury, the agricultural workers suffered from the decline in the world agricultural price from 1975 onwards (Phongpaichit, 2016; Ikemoto & Uehara, 2000).

As a result, Thailand’s economic growth has never been known to reduce inequality, although some part of it fell far enough down the social ladder to reduce the poverty rate since the sixties (figure A.14). It is then arguable that inequality in Thailand is excessive: if the fruits of economic prosperity were more equally distributed —by whichever means — the reduction in the poverty rate could have been accelerated. The question that follows is then who has influence in policymaking and other forces that led to the economic outcome that we observed within each distinct period.

There is a general consensus that inequality rose dramatically between the 70s and early 90s. The Gini coefficient —a simple statistical measure of distribution (in this case, income) —ranges from 0 (perfect equality) to 1 (perfect inequality). The Thai Gini coefficient started to rise rapidly since 1975 from around 0.41 to as high as 0.54 in 1994.<sup>6</sup> This is a direct manifestation of the model of economic development that Thailand has adopted, conditioned by both domestic and regional political economic relations.

Foundations of the modern Thai capitalism were already being laid in the fifties, and

<sup>6</sup>Note that these estimates are calculated based on SES (Household Socio-Economic Surveys) which is notorious for the underrepresentation of the richest households. As a result, these estimates tend to underestimate the actual level of inequality. Sadly, due to data limitation, the author cannot attempt own’s methodology to the periods before 2001 for the moment.

its design was far from being inclusive. With the drivers of the economic growth being focused on the expansion of FDI, commercial banking, and the manufacturing industries, the GDP share of the manufacturing sector grew and benefited those with the skills and level of education that matched the demands of technological advancement. As aforementioned, almost all of the Thai population were still working in traditional agricultural production with a prominent feudal structure until the nineties. The skill-biased technological change thus became core to the rise of inequality. The transition of workers out of the agricultural sector was too slow as the share of the manufacturing industries and commercial banking sector outgrew the agricultural sector. It was only around the mid-nineties that the employment share in agriculture declined to 50% of the total workforce, from 80% in the sixties (see figure 1.3).

Politically, the worrying voices of the poor were silenced; and forms of political participation and demonstration were prevented and suppressed by the government. Any movement by the communist party —possibly the only party having redistributive concerns at the time – was limited and would eventually be outcasted into hiding after the infamous Thammasat Massacre on 6 October 1976. In that context, the presence of the United States in the Thai development model cannot be understated. With the US's cold-war stance regarding international relations with developing countries, a large amount of economic aid and expertise were provided to many Asian emerging economies since the fifties – especially in Southeast Asia where there was widespread fear for communist movements. This helped the government to further suppress dissenting voices. The issue space of the Thai political economy was entirely dominated by commercial bankers, power-grabbing military men, and technocrats.

Before the then-young middle class became the determining force against democracy in recent decades, the urban middle class that appeared in the 1950s actually was the democratic force that had participated in the key political events of the 1970s and onwards. Nonetheless, this group of people enjoyed the highest rate of economic expansion as the country grew on average 12% yearly between 1976-1990 —period during which many military regimes ruled the country. It was this emerging middle class who responded to the tremendous demand for skilled workers created by the continuous expansionary fiscal and monetary policy adopted by both the government and the Bank of Thailand from 1978 until the crisis. Major businesses and commercial bank owners had personal ties with the ruling military (although there were some short periods of democracy), and this ensured that the policies would benefit them most.

The rapid rise of inequality that we observe from the late seventies directly reflects the shifting politics. As Satitniramai (2002) argues, the 1978 constitution encouraged political parties to be small in size. This meant not only unstable coalitions to form the government, but also low accountability, short lifespan, and low efficiency and power in pushing and implementing policies. Furthermore, the central bank experienced sharp decline in its degree of monetary policy autonomy – especially on setting interest rates. Not only did the ministry of finance have to approve the policies of the Bank, governors and future governors of the Bank of Thailand were also drawn into the party politics in order to ensure their seats.

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To conclude, domestic politics prior to the AFC revolved around the capitalists, military regimes, and technocrats, which explains why the redistribution issue was never a concern for the Thai state. The personal relationships between these three groups ensured that the high economic growth was enjoyed disproportionately, but the crisis that was coming was about to change this fundamental political economic structure of Thailand.

## 2.2 Post-Crisis Era

A bloody protest against the non-democratic appointment of General Suchinda Kraprayoon marked the dawn of the nineties. The event symbolises the omnipresent sentiment that reforms were needed; the military-led model no longer had a legitimate place in Thai politics. The 1997 constitution, which has always been deemed as the most democratic, was the explicit representation of this sentiment.

Moreover, the 1997 Asian Financial Crisis marked a new era for Thailand. The poverty rate rose by almost 10%. The annual growth rate during the AFC was as low as -10.5% between 1996 and 1997, and the five-year average growth between 1996 and 2000 was -0.30%. At the epicentre of the crisis was Bangkok and its foul politics. The central bank and the technocrats that had served as the workhorse for macroeconomic planning fell prey to party politics as autonomy from the government decreased. Although it was the poorer majority who suffered most, the middle class suffered enough to be convinced that it was time to try something new in 1997. The public dissatisfaction that arose due to the AFC further fuelled the sentiment that political and economic reforms were fundamentally necessary.

What followed was the famous era of Thaksin Shinawatra, the leader of the then Thai-Rak-Thai (TRT) party. Thaksinomics led to a strong political reaction from the upper and upper-middle class. Many have characterised his political narrative as 'populist', and in fact, it was the first time that the term appeared in the Thai public sphere. This assertion is not entire out of place. In the sense that populism means the mobilisation of the 'majority' against the 'corrupted ruling elites', much of his political stances can be categorised as such. However, as Phongpaichit & Baker (2008) have argued, Thaksin's narratives did not begin out this way. He presented himself and the party as the ones that would restore economic growth and the strength of Thai industries and businesses. It was only when he faced political scandals and charges that this 'populist' stance was used as the mean to seek political legitimacy; he was successful. Meanwhile, for the middle class, the word 'populist' have been tied to 'corruption'. Not long after his reelection, he was deposed by a coup, popularly supported by the middle class.

Amongst many of the 'populist' policies are the universal healthcare plan (dubbed the 30-baht plan), farmers' debt rescheduling, affordable social housings, and massive village microcredit schemes. The 30-baht universal healthcare plan, by itself, has been said to have significantly reduced poverty rates since its introduction in 2001. It benefitted poor households more heavily than richer households, and lifted many households from under the poverty line by reducing healthcare costs and allowing for better household consumption smoothing in events of financial hardship. With almost half of the Thai

working population still working in the agricultural sector, the higher prices of major agricultural goods were maintained through the interventionist policies of Thaksin's government. And they are imitated from thereafter until today. As a result —whether by a lucky chain of political circumstances or not —many of Thaksin's policies seemed to have actually slowed down the upward trend of inequality.

As a result, the existence of the Thai Rak Thai Party and its mobilisation of the poorer voters introduced a new level of political competition that the older and more established parties like the Democrat Party had never faced before. The legacy of the Thaksin government is long-lasting —despite the party being outlawed after the 2006 coup d'état that exiled Thaksin, it is impossible to reverse this new class mobilisation in Thai politics. In other words, the rise of Thaksin reflects the force that had been simmering and always waiting for the moment to manifest. Two phenomena happened after the Thaksin government came into power. Firstly, it is utterly difficult to undo the policies that Thaksin has introduced in his first and second terms. Secondly, every party is forced to have greater consideration for redistributive policies. With the fact that the 1997 constitution encouraged collusions for two-party system, winning over this massive constituency means winning the election.

However, this political dynamic seems to have led to the political crisis that the country is facing today. Grossly, the middle class and the elites that had enjoyed significant economic and political power between 1970-1990 realised that they had lost their voice entirely in Thai politics as Thaksin sought support from the poor. They turned to the military and the monarchy, who also happen to share disdain for Thai Rak Thai party. It is probably incontestable to say that this dynamic led to the installation of the current military government in 2014.<sup>7</sup>

Therefore, although quite limited and circumstantial, democratisation processes since the nineties seem to have slowed down the rising income inequality. But it is not yet enough to reverse the trend and Thai income inequality remains one of the highest in the world. We will look deeper in the post-crisis political economy in chapter 3.

### **3 Thai Income Inequality in the 21<sup>st</sup> Century**

This thesis first presents new estimates for the distribution of both fiscal and national income. *Firstly*, the new estimates for the distribution of fiscal income is presented here. The results suggest that the rise of income inequality stabilised at least from 2001 but remains at a formidable level — contrasting all prior claims that inequality has been decreasing. Between 2001-2016, Thai income inequality also seems to be a higher level than what previous studies suggest (see figure 3-5). The richest 1% and 10% hold around 17.5% and 48% respectively.

The national income series is achieved by upgrading the fiscal income series. To do so, we also consider non-fiscal capital income such as household's share of undistributed

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<sup>7</sup>For a more detailed discussion on this, see Pitidol and Techasunthornwat (2017).



## 1. Introduction

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corporate profits. This is useful since it provides information on households' behaviour on wealth accumulation as a response to changing tax incentives. We found that the share of national income held by the richest 10% was 52.16% in 2001, and 51.49% in 2016. The bottom 50% saw a slight improvement as its share increased from 11.30% in 2001 to 13.90% in 2016. As a result, the average income of the bottom half is around 20 times lower than the top 10% through out the period considered here. This makes Thailand one of the most unequal countries in the region, even in the world. For instance, according to the most recent estimates, the top 1% and 10% holds around 14.8% and 41.4% in China (2015); 14.7% and 56.1% in India (2015); and 17% and 45.5% in Russia (2015).

As for the second assertion, I attempt to explain the perplexing phenomenon in which the middle class became the force against democracy in the past 15 years. I argue here that the more equitable redistribution of economic resources from 1997 on, led to a strong political reaction from the middle class and the upper class that have benefitted from the military regimes before the nineties and the Asian Financial Crisis – and eventually resulted in today's political deadlock. This conclusion is in support of a exceptional recent work by Pitidol and Techasunthornwat (2017), which explain that the middle class families who grew mostly 'individualistically' between the 1980s and 1990s were instilled by the military's 'moral politics'. Looking closer at the estimates we obtained in chapter 2, this group lost their economic power under the political changes that democratic government introduced, making them "turn their back on democracy".

# Dynamics of Thai Income Inequality

This work herein will be dedicated to the estimation of Thailand's income inequality from 2000 to 2016. The sole reason for the focus on these years is the availability of the tax tabulations, which were kindly provided by the Revenue Department of the Thai Ministry of Finance. Hence, this will be the first work on Thai inequality that incorporates fiscal and tax sources, thereby providing a clearer and perhaps more accurate picture of the nature of income inequality after the 1997 Asian Financial Crisis.

Section 1 will provide a sweeping overview of economic literature on income inequality in Thailand. Section 2 describes the dataset used and the methodology, which will closely follow the Distributional National Account (DINA) guidelines as presented in (Alvaredo et al., 2016). Section 3 provides the constructed income inequality series; top income shares, share of income growth captured by different groups along the distribution, and pre- and post-crisis characteristics.

## 1 Past Research on Thai Income Inequality

There is a consensus amongst researchers on Thai income inequality that inequality rose rapidly as the Thai economy began to take off in the early seventies. Figure 2.1 shows the Gini coefficient for income inequality of various sources between 1960-1994. As mentioned in chapter 1, this reflects the variety of capitalism that Thailand had adopted and built its economic development model upon from the early 1950s. With long decades of military government who not only had strong personal ties with the economic elites, but also had partly owned commercial banks and key businesses themselves, the Thai state adopted policies that favoured capital owners while neglecting the rest of the population (Satitniramai, 2013).<sup>1</sup>

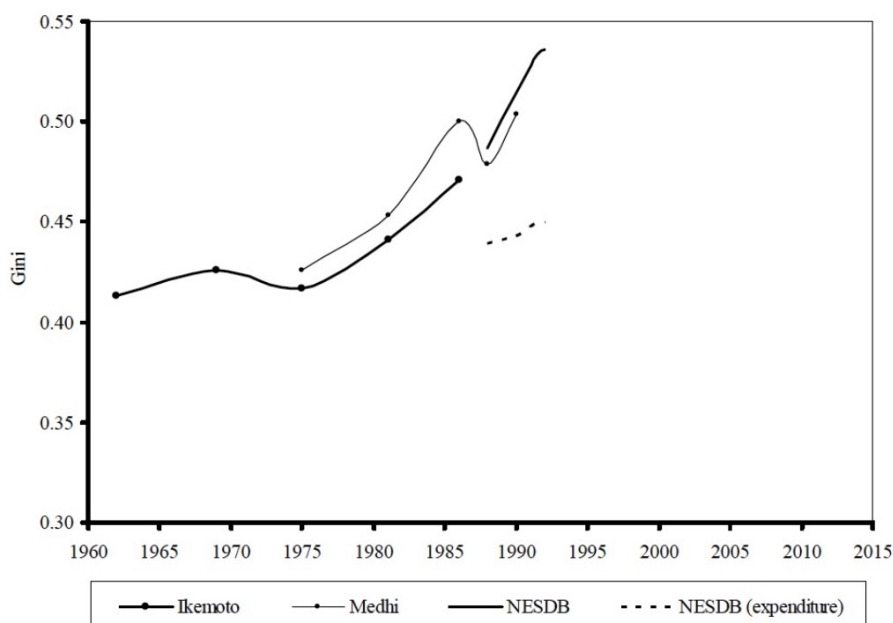
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<sup>1</sup>Note that, at the time, more than 70 percent of the Thai working population were engaged in the primary sector (mostly agriculture).

## 2. Dynamics of Thai Income Inequality

Due to FDI inflows and financial aids being spent mostly in the manufacturing sector, the capital-labour ratio and the marginal return to labour hiked while manufacturing wages were suppressed. With the slow movement out of the agricultural employment, combined with the state's neglect of said sector and the decline in the world price of agricultural products, the economic growth was mostly enjoyed by a small group of capital-owners engaged in the manufacturing and the banking sectors in Bangkok who saw a rapid increase in the return to their private capital.

Figure 2.1: Gini coefficient estimates of Thai income inequality, 1960-1994



Reprinted from Phongpaichit (2016). For 1981-1986, see Ikemoto and Uehara (2000); 1988-1994, NESDB (The National Economic and Social Development Board).

Motonishi (2006) further provides the probable causes of such a deterioration of income inequality between 1975-1998, and they concluded that the main explanation for the economy-wide increase in income inequality of the period can indeed be mainly explained by the disparity between the agricultural and nonagricultural income.

Meanwhile, I find the estimates of post-1997 income inequality rather inconclusive. As aforementioned, all past research but one has used the Thai Socio-Economic Survey as the sole source of data to estimate income distribution in Thailand. Pootrakul (2013) suggests that the overall income inequality has indeed been improving since the nineties. However, when looked deeper into within-group gini coefficient, he found that income inequality has been worsening amongst households living in Bangkok and other urban areas, especially those whose household heads hold a bachelor degree or higher, meaning that there are more inequality amongst the white collars. More importantly, income inequality have been worsening amongst households whose activities are mainly in the primary sector (agriculture, mining, and fishery). It was suggested that this is due to the gaps between the income of agricultural wage earners and agricultural land-owners. He also showed that, since 1997, the average income levels between the 5th and the 60th percentile have significantly increased faster than the average, perhaps explaining why

the overall income inequality had stabilised and began to decrease since then.

The main ground for doubt on the overall conclusion that income inequality have been decreasing lies upon the reliability of the household socioeconomic surveys. In comparison to what is available in other developing countries, the National Economic and Social Development Board (NESDB) has been doing remarkable works in the planning and the collection of the household surveys. But, for estimating economy-wide inequality, household surveys are notoriously known for underrepresenting the rich. Depending on the degree of underrepresentation, estimates acquired mainly through household surveys will always tend to underestimate the actual level of inequality. And given that such studies are usually done from a historical perspective, if the degree of underrepresentation varies over time, the estimated inequality trend can be far from representing reality. So far for the studies on Thailand, two recent studies have recognised this limitation and have utilised tax data in their methodology.

Being the first of its kind, Phongpaichit et al. (2017) utilised a micro-level sample of the personal income tax data to look at the richest top 1% of the tax data sample, tax exemption and deduction schemes, household's behavioural responses, and the coverage of the PIT system in Thailand. With the average net fiscal income of around 2.5 million baht, almost 90% of the *net* fiscal income reported by the top 1% of the tax sample (consisted of 600 households) is from labour earnings, while the rest can be mostly attributed to capital income (7.5% from interests and dividends, 1.4% from rents). However, it is mentioned that this could be far from actually capturing the actual top 1% of the overall income distribution. This is potentially likely, as tax tabulations also shows that the share of wages and other forms of employees' compensation dropped below 85% after the 450,000 baht (around 11,250 euros) bracket threshold, and the richest bracket almost consistently receive less than 25% of their gross fiscal income as labour compensation.

As the authors have stated clearly, the limitation of this work lies in the unfortunate fact that the research team were only given a 0.3% sample of the 2013 micro-level tax data. The degree of the representativeness could be questioned if there are some withholding of information on the richest taxpayers. In the context of this research paper, Phongpaichit et al. (2017) have not attempted to estimate the economy-wide income inequality, extending beyond inequality amongst taxpayers. The goal of this thesis is, thus, to fill this gap by using fiscal data and national income in addition to the household surveys to estimate the overall income inequality.

Vanitcharearnthum (2017) was the only other work that attempted to improve the estimates of income inequality by using fiscal data in the form of tax tabulations. The motivation was identical to that of this thesis: the Thai socio-economic survey have significant underrepresentation of the rich. However, the author relied only on tax tabulations to estimate the overall inequality. With the number of taxpayers making up of less than 25% of total working population, household surveys would be immensely informative of the lower end of the income distribution and further improve inequality estimates. Furthermore, the author discretely estimated the Pareto coefficient based on the fourteen brackets that are available in the tabulations. This could be significantly improved with the *generalised Pareto interpolation* methodology

as developed in Blanchet, Fournier, and Piketty (2017), which will be further discussed in the next section. The estimates obtained by Vanitcharearnthum (2017) is questionable: even when using the working population as the unit of taxation, the top 1% owns 56.7% of total income in 2006, and 46.8% in 2009.<sup>2</sup> It seems unlikely that the top 1% share in Thailand should be comparable to the income share of top 10% in the most unequal societies such as South America, India, Russia, and China. Thus, the use of tax tabulations in the studies of Thai inequality can definitely be upgraded. Lastly, the study found that income inequality had worsened between 2008 and 2009, at a level a little higher than in 2004 —adding on to the suspicion against the estimates derived solely through household surveys.

## 2 Data & Methodology

The data sources used in the estimation of the income distribution are discussed here. The contribution of this chapter will be mainly on the production of income distributional series from 2001 to 2016, as these are the years in which all crucial sources are available; namely, the national account, tax data, and household surveys on income and consumption.

### 2.1 Description of Data Sources

#### 2.1.1 Thai Tabulated Tax Data

The Revenue Department of the Thai Ministry of Finance has published annual tax tabulations from 2001.<sup>3</sup> The tabulation discloses the number of taxpayers and assessable income and taxable income for each twenty brackets. Taxable income are computed from assessable income after taking into account exemptions, tax deductibles, and allowances. Tax units considered are either individuals or as married couples.

The Thai state is said to have first introduced the personal income taxation in 1932, the year of the Siamese revolution. However, the modern personal income taxation with progressive scheme was introduced in 1982. Table A.2 presents the evolution of the PIT system over the past 37 years. As easily observed, the personal taxation scheme has been reducing in the degree of progressivity as higher tax rates are subjected to less and less people, while tax deductions are argued to benefit mostly the middle class and the upper class in the Thai economy.<sup>4</sup> This could be due to tax competition amongst South-east and East Asian nations to attract skill labourers, or due to the influence that the economic elites have on the government's macroeconomic policy decisions.

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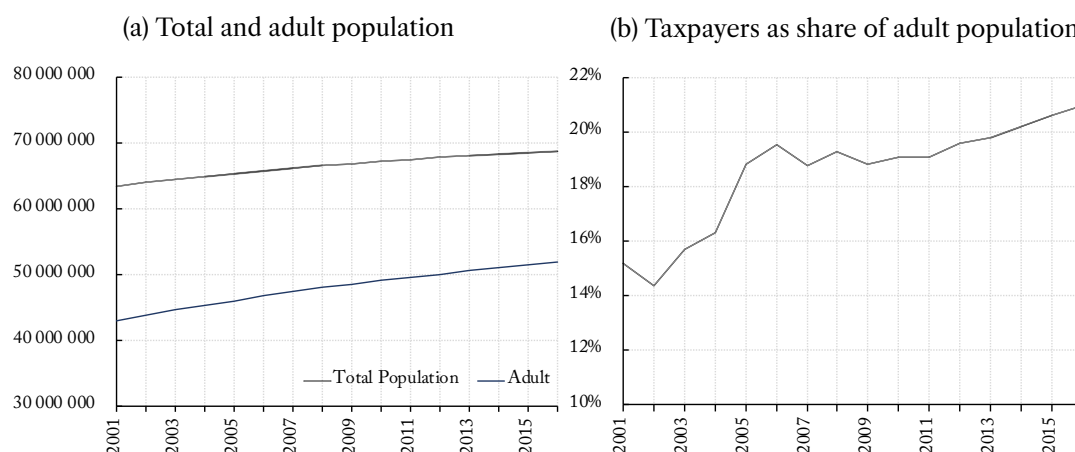
<sup>2</sup>If this in fact turns out to be accurate, I would have to re-question the motivation to return and work in Thailand in the near future.

<sup>3</sup>The tax tabulations are now accessible via an offline computer at the main library of the Revenue Department building.

<sup>4</sup>For a more detailed analysis of recent years, see *Pongpaichit et al (2017)* and [www.pier.or.th/?post\\_type=abridged&p=5096](http://www.pier.or.th/?post_type=abridged&p=5096)

The tax base for the personal income taxation has been increasing steadily over the period of interest (figure 2.2). It has risen from 15% of total adult population in 2014 to close to 21% in 2015. Nonetheless, the PIT revenue accounts for just about 11% (12.7%) of gross (net) government revenue in 2017. Table 2.1 shows the share of taxpayers and reported income by bracket for 2014-2016.

Figure 2.2: Thai population and share of taxpayers



Source: Author's calculation based on UN Population Statistics (World Population Prospects 2017) and tax tabulations.

The obtained tax tabulations are from 2001 up to 2016, and were provided in two versions in accordance with the filing forms. If one has only labour income, they are required to fill out only a simple form (PIT91), while those that have both labour and capital income are required to fill out the detailed PIT90 form. As such, the versions provided are; 1) tabulations of total income (both PIT90 and PIT91 combined), and 2) tabulations of those filing PIT91. The latter also provides the composition of labour income and different types of capital income by brackets. As a result, tax data will allow us not to only estimate the distribution of total income, but also by different sources, in future work.

Table 2.1: Simple tabulation of taxpayers and income by brackets, 2014-2016

| Bracket              | 2014        |                   | 2015        |                   | 2016        |                   |
|----------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|
|                      | % taxpayers | % reported income | % taxpayers | % reported income | % taxpayers | % reported income |
| 1-150,000            | 27.64%      | 6.0%              | 26.2%       | 5.5%              | 25.3%       | 5.1%              |
| 150,001-300,000      | 32.90%      | 17.2%             | 32.6%       | 16.7%             | 31.7%       | 15.9%             |
| 300,001-500,000      | 18.50%      | 16.9%             | 19.4%       | 17.4%             | 20.3%       | 17.9%             |
| 500,001-1,000,000    | 14.25%      | 23.4%             | 14.8%       | 23.8%             | 15.5%       | 24.3%             |
| 1,000,001-2,000,000  | 4.88%       | 15.7%             | 5.0%        | 15.8%             | 5.2%        | 16.1%             |
| 2,000,001-4,000,000  | 1.24%       | 8.0%              | 1.3%        | 8.1%              | 1.3%        | 8.2%              |
| 4,000,000-8,000,000  | 0.43%       | 5.5%              | 0.4%        | 5.7%              | 0.5%        | 5.7%              |
| 8,000,000-20,000,000 | 0.14%       | 3.7%              | 0.1%        | 3.7%              | 0.1%        | 3.7%              |
| >20,000,000          | 0.03%       | 3.6%              | 0.0%        | 3.3%              | 0.0%        | 3.2%              |

Source: Author's calculation based on tax tabulations. Brackets are in Thai bahts.

### 2.1.2 Thai Socio-Economic Surveys

The Thai National Statistics Office (NSO) conduct the Socio-Economic Surveys<sup>5</sup> almost annually within our years of interest. It was done biennially up until the year 2000, at which point the government has decided to conduct the SES annually due to the volatile nature of the Thai economy after the Asian Financial Crisis, apart from 2003 and 2005 when the NSO did not conduct the survey. The survey always includes household consumption modules, but income modules are conducted only every two years.<sup>6</sup> Within the time of interest, both income and consumption modules are available in the 2000, 2001, 2002, 2004, 2006, 2007, 2009, 2011, 2013, and 2015 SES.

For the years in which the SES does not include the income modules or is missing (2003 and 2005), section 2.2.3 will describe the methodology used to estimate the household income in the surveys using the information available from the years that have both income and consumption modules.

Additionally, it is assumed in the estimation presented hereafter that the SES covers a representative portion of the households or individuals that are in the informal sector. The survey does not explicitly ask whether one is in a formal occupation or not, but ask if they are the owners or being employed in a household business. Therefore we then end up with the normal assumption that the survey does represent quite well the lower part of the income distribution. Nonetheless, if the SES has the issue of under-representing those in the informal sector, then the estimates produced in this chapter will likely be the ‘optimistic’ benchmark of the Thai case, since those that are employed in the informal sector are most likely to be at the bottom end of the distribution, but they are not accounted for.

### 2.1.3 National Account data and Other Macro Series

As for the last crucial source, the National Account data is drawn from those published by the office of the National Economic and Social Development Board (NESDB). The NESDB follows the United Nations’s SNA (System of National Account) 1993 in terms of definition of sectors and variables, including the six standard accounts.<sup>7</sup> With the information on household income in the national account published from 1990 to 2016, the distribution of income estimated based on tax and survey data can be rescaled to match the national income and allow for the first construction of the Thai Distributional National Account (DINA). The methodology is discussed in section 2.2.5.

Figure 2.4 shows the gap between the national income to the total income calculated based on survey data or fiscal data (tax tabulations). Both dataset seems to be improving over time. When decomposed into fiscal income and non-fiscal income (see table A.4), this

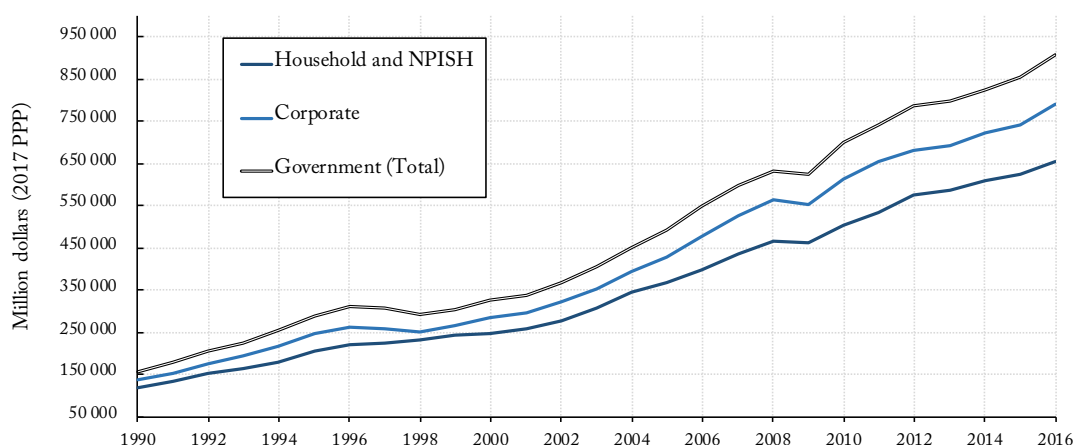
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<sup>5</sup>SES from this point on.

<sup>6</sup>As a result, the Thai SES are available in 1986, 1988, 1990, 1992, 1994, 1996, 1998, 2000, 2001, 2002, 2004, 2006 - 2016.

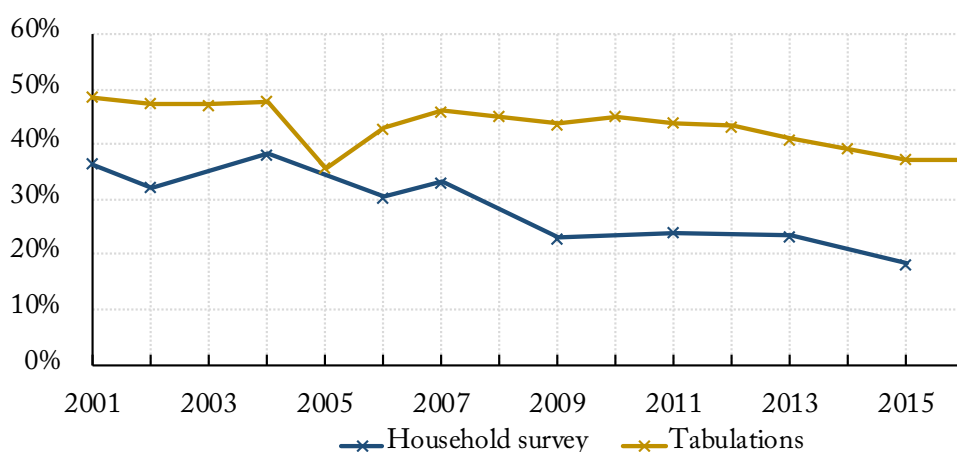
<sup>7</sup>Namely, i) domestic product; ii) national income; iii) domestic capital formation; iv) households and private non-profit institutions; v) general government; and vi) external transaction.

Figure 2.3: Structure of National Income, 1990 - 2016



Source: Author's calculation using national accounts.

Figure 2.4: Gap of household income from survey and tax data to the national income



Source: author's own computation based on SES data, tax tabulations, and national accounts (NESDB)

seems to be mostly due to improved data collection on social security benefits in cash that were received by the household.

## 2.2 Methodology

Section 2.2.1 is devoted to laying down the definitions of income that is fundamental to the construction of income inequality series and the Distributional National Accounts (DINA), the end goal. The purpose of having clear income concepts is to have a consistent construction of income distributions such that their aggregates matches their national account counterparts. And to do so, we need to ensure that the right set of variables is used to interpolate income distribution whether they be from tax or survey data.

This paper will follow closely Alvaredo et al. (2016) for consistency in terms of income



## 2. Dynamics of Thai Income Inequality

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and wealth definitions, allowing for proper international comparisons. It is important to first mention the unit of observation in the Thai datasets. The Revenue Code (*Pramuan Ratsadakorn*), the main legal code that acts as the back bone of the Thai taxation system, specifies the tax unit as either single adult and married couple. Married individuals have the choice to file taxable income separately. As individuals have the choice to file their tax returns as themselves alone or as a married couple, and it is impossible to know exactly the portion of people that choose to follow the latter, the unit of observation used here is the equal-split adult whose age is over 20. As the name suggests, we assume that the partners split their income equally — a rather optimistic assumption on the household sharing rule. However, series based on equal-split income has its benefits; it can lend itself as the optimistic benchmark of inequality since it tends to not underestimate the share of income that is from the female partner (Morgan, 2017).

### 2.2.1 Income concepts

**The pre-tax fiscal income** is the income that should be reported for the tax collection purposes. Although some types of capital income, such as income from capital gains in the stock market, are tax exempted in Thailand, all sources of income are reported and the Thai tax tabulations disclose precisely the total pre-tax fiscal income of each bracket along with its composition. As a result, it is not necessary to make any adjustment on the tax tabulations, the same fiscal income is calculated using the survey data for section 2.2.3.

**Pre-tax national income** is different from the pre-tax fiscal income in the sense that it includes (and excludes) other types of income that are in fact attributed to the households but do not appear in the fiscal income. For example, in the SNA, imputed rents (the rental value of household's own residence) are considered in the total household income. More specifically;

$$\begin{aligned} & \text{Pre-tax national income} \\ = & \text{Pre-tax fiscal income} \\ & - \text{Households' actual social contribution (D61, S14)} \\ & + \text{Imputed rent of owner-occupiers} \\ & + \text{Investment income attributable to insurance policy holders (D441, S14)} \\ & + \text{Investment income payable on pension entitlements (D442, S14)} \\ & + \text{Household's component of pre-tax undistributed corporate profits (B5n, S11+S12)} \\ & + \text{Government factor capital income} \end{aligned}$$

Section 2.2.5 will discuss the methodology used to upgrade pre-tax fiscal income distribution to the distribution of pre-tax national income.

### 2.2.2 Estimating income distribution using tax data

Before any interpolation was taken, adjustments were made to the tax tabulations. As aforementioned, the number of taxpayers is much less than the adult population or the working population (see figure 2.2). As a result, for each year it is assumed that the working population, estimated using the corresponding SES, is the hypothetical total number of people that should be filing tax. On the missing income side, the fiscal income of the household from the national account is used as the income control to estimate the total fiscal income of the non-filers. More specifically, we subtract total income reported in the tax from the income control, and calculate the average over the non-filers. These individuals are added to the bottom brackets corresponding to the estimated average income of the non-filers — which are, in reality, tax-exempted.

*Generalised interpolation technique*, developed by Blanchet et al. (2017), is the main tool used in this work to estimate the distribution of equal-split adult income from the personal income tax tabulations (and also the survey data). This generalised interpolation method is not restricted by parametric approximations, allowing for the recovery of income distributions with more flexibility. 127 generalised percentiles are estimated; from  $p0p1-p99p100$ , in which the top percentile is divided further into ten deciles ( $p99.0p99.1-p99.9p100$ ) which is then divided even further again ( $p99.91p99.92-p99.99p100$ ).

### 2.2.3 Imputation of pre-tax income from household expenditure

The National Statistics Office (NSO) does not publish household income information for the year 2008, 2010, 2012, and 2014, and 2016, and the survey is simply not available in 2003 and 2005. As a result, for the years that only household consumption information is available, we can construct the distribution of consumption, and impute income based on the income-consumption ratios from the years that both the information on income and consumption are present. This is done in a very similar fashion to Chancel and Piketty (2017), since the methodology employed there allows us to check for the robustness of each scenario's robustness.

Firstly, for the years that income information is available, we calculate the average income,  $y_p$ , and consumption,  $c_p$ , of each generalised percentile — and the ratio taken is  $\alpha_p = y_p/c_p$  (see figure A.1 and figure A.2). Secondly, for each year that we need to impute income from consumption, income-consumption ratios of the year after and the year before is averaged — that is, we now have

$$\tilde{\alpha}_{1p,t} = \frac{\alpha_{p,t-1} + \alpha_{p,t+1}}{2}$$

Three scenarios are defined:

$$\tilde{\alpha}_p = \begin{cases} \tilde{\alpha}_{1p} & (A1) \\ \tilde{\alpha}_{2p} = \max\{1; \tilde{\alpha}_p\} & (A2) \\ \tilde{\alpha}_{3p} = (\tilde{\alpha}_{1p} + \tilde{\alpha}_{2p})/2 & (A0) \end{cases}$$

## 2. Dynamics of Thai Income Inequality

In other words, the first scenario (*A1*) is using directly the averaged income-consumption ratios. The second scenario (*A2*) assumes that household have non-negative savings; income is always at least as high as consumption. The third scenario (*A0*) assumes that negative savings is possible, but it is not as extreme as the *A1* case. Figure A.3 shows these three scenarios for the year 2008 and 2016 estimations. Appendix 3 provides further the income-consumption ratios and some estimated income distributions based on each scenarios.

There will not be much differences between the estimated income based on the three strategy. Figure A.2, as does figure A.3, shows that the income-consumption ratios are almost always above one apart from very few percentile at the bottom (see table A.3 for actual ratios for strategy A0-A2). Nonetheless, strategy A0 is chosen since the assumption of non-negative saving is unrealistic, and to account for some abnormal negative values in the first percentile.

For 2003 and 2005 where the SES is not available, the average income is extrapolated assuming a constant growth rate between the year before and the year after. Since these missing years are just one-year gaps, the average income of each generalised percentile are estimated by simply averaging the average income by each generalised percentiles of the years before and after.

Table 2.2: Income share by groups: interpolation from survey data

|      | Top 0.01% | Top 0.1% | Top 1% | Top 10% | Middle 40% | Bottom 50% |
|------|-----------|----------|--------|---------|------------|------------|
| 2001 | 0.61%     | 2.16%    | 11.02% | 42.00%  | 42.93%     | 15.07%     |
| 2002 | 1.22%     | 3.25%    | 11.09% | 40.05%  | 42.59%     | 17.36%     |
| 2004 | 0.41%     | 2.20%    | 10.31% | 39.11%  | 42.38%     | 18.51%     |
| 2006 | 1.26%     | 3.80%    | 12.18% | 40.13%  | 42.34%     | 17.53%     |
| 2007 | 1.43%     | 3.70%    | 11.14% | 38.75%  | 42.59%     | 18.65%     |
| 2009 | 1.25%     | 3.49%    | 10.88% | 38.36%  | 42.61%     | 19.03%     |
| 2011 | 1.73%     | 4.34%    | 12.14% | 38.75%  | 41.52%     | 19.74%     |
| 2013 | 1.08%     | 3.75%    | 11.13% | 37.38%  | 42.99%     | 19.63%     |
| 2015 | 1.26%     | 3.21%    | 9.93%  | 35.42%  | 43.28%     | 21.30%     |

Source: Author's own calculation based on household surveys.

Table 2.2 shows the income share of different group based on the interpolation of only the survey data.

### 2.2.4 The combination of tax and survey distribution of pre-tax fiscal income

Figure A.4 shows the 2001 and 2015 comparison between the income distributions estimated from tax and survey data. Based on the assumption that the tax data captures more accurately than the survey data the income of the top of the income distribution, we can notice that although the survey data seems to be capturing better the income of the richest individuals in 2015 compared to 2001, there are still significant differences between the estimated average income of those higher than the 90th percentile. For all years of concern, this gap between the estimated average income of each percentile using tax and survey data is ignorable until the top 10% (see figure A.5 for the ratios for all years);

for the very top of the distribution, the average income estimate using tax data can be as high as 10-25 times that of the survey data.

To merge the interpolated distributions from these two sources, the standard assumption is applied; i) the survey data is reliable from the bottom of the distribution up to a certain threshold,  $p_1$ ; ii) and the tax data is reliable from the top of the distribution down to a certain threshold,  $p_2$ . In a similar fashion to the methodology used in Chancel and Piketty (2017), three variations of  $p_1$  is used to check for the robustness of the estimates in the end:

$$p_1 = \begin{cases} p90 & (B1) \\ p85 & (B2) \\ p80 & (B3) \end{cases}$$

These choices are based on the fact that the income ratio estimated using tax and survey data starts to rise over one around the 90th percentile or a little lower. As for the choice of  $p_2$ , it is the share of population estimated from the tax data that falls under the first taxable bracket or under; table 2.3 shows the chosen values for each year. As such, for 2014 to 2016, the choice of  $p_2$  is exactly the  $p_1$  threshold under scenario B1, meaning that the combination of tax and survey data in these cases are simply the rescaling of the average income of each percentile from the survey distribution to the tax distribution beyond  $p_{90}$ . Otherwise, when there is a gap between  $p_1$  and  $p_2$ , another three scenarios are implemented to join the two distributions; a linear rise (C1), a convex rise (C2), or a concave rise (C3).

Table 2.3: Choice of  $p_2$

| Year  | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| $p_2$ | 97   | 97   | 96   | 96   | 95   | 94   | 94   | 93   | 93   | 93   | 92   | 91   | 91   | 90   | 90   | 90   |

Figure 2.5: Scenarios for joining the 2015 survey and tax data ( $p_1 = 80$ ;  $p_2 = 90$ )

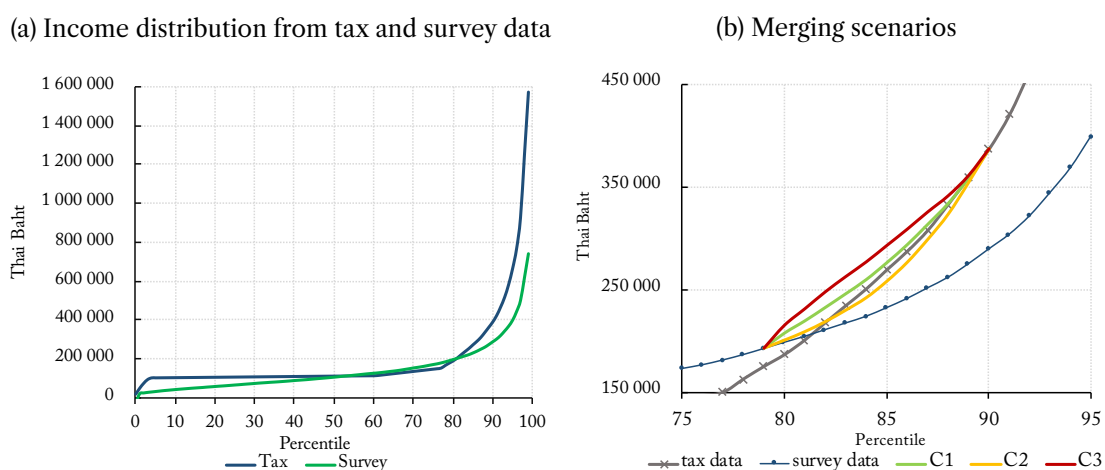


Figure 2.5 illustrates these three scenarios for 2016 based on strategy A0 and B3 ( $p_1 = 80$ ). Due to the shape of the curves that are generally convex, strategy C2 (convex rise) is chosen as the benchmark for the final series. As income of the top households are

reweighed upward, inequality series estimated using the combination of these two sources will definitely be higher than what is observed using survey data alone. This is also the case of most developing countries such as India or China.<sup>8</sup>

### 2.2.5 Reconciliation with the national account: the DINA

Although we have significantly corrected the survey distribution using tax data for the underrepresentation issue, other tax-exempted capital income must be accounted for in order to reach the full picture of how national income is distributed. Imputed rents, household components of the undistributed corporate profits, and so on, are crucial information on the behaviour of individuals or households in choosing between accumulating wealth as retained earnings in the corporate sector or as other type of capital. This is highly relevant in the case of Thailand, as it has been shown that richer households have strong reaction to the shifts in tax incentives. Phongpaichit et al. (2017) went so far as concluding that *‘these reductions [deductible expenditures, allowance, and exemptions] make the system inequitable’* (p. IX). To extent to which taxpayers of different income levels have responded to these incentives have been quite difficult to assessed, and the upgrade to total pre-tax national income will help us have a clearer picture of how it has evolved in the past 16 years.

As a result, it is necessary that we move on from the distribution of total pre-tax fiscal income to total pre-tax post-transfer national income, and factor back in certain types of income that were not included. As shown in section 2.2.1, we must now introduce imputed rent, household’s component of pre-tax undistributed corporate profits, entitlements to social pension and insurance benefits, and government factor income.<sup>9</sup>

To distribute these non-fiscal capital income, it would be ideal to have wealth surveys and micro-level tax data at hand. However, as in the case of other studies on other development countries such as Piketty et al. (2017), these information are unavailable in Thailand. Firstly, the average levels of imputed rent by survey income percentile are imputed based on the information available in the household surveys. Thus, I assume in this work that the distribution of imputed rent is directly exportable to the corrected fiscal series, as similarly done in Morgan (2017). The averaged level of imputed rent is then added to the corrected fiscal income distribution by percentile.

As for the distribution of the remaining non-fiscal capital income,  $y_{nf}(p)$ , I assume that it follows the distribution of wealth based on the information available in the household surveys.<sup>10</sup> At the moment, the household surveys at hand has wealth modules in 2006,

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<sup>8</sup>See Chancel and Piketty (2017) and Piketty, Yang, and Zucman (2017).

<sup>9</sup>See more detailed discussions on this in Alvaredo et al. (2016).

<sup>10</sup>The same generalised Pareto interpolation methodology is applied to wealth variable, which is the sum of the values of land not owned for dwelling and financial assets. However, this thesis will not provide the Thai wealth inequality series since it could still be improved significantly with the national account, rich lists and landownership data.

2007, 2009, 2011, 2013, and 2015.<sup>11</sup> And in order to arrive at the full distribution of personal income,  $y(p)$ , I must assume some correlation between the distribution of the adjusted fiscal income,  $y_{fadj}$ , and the non-fiscal capital income  $y_{nf}$ . As in the case of the studies without access to the micro-level tax data, a Gumbel copula function is assumed with the benchmark Gumbel parameter ( $\theta$ ) of 3.

The remaining step is to scale the full distribution of personal income to the national income by taking into account government factor capital income. This final upgrade has no impact on the inequality estimates as we assume that the income of the government is neither progressive or regressive. The purpose of this last step is to normalise the distribution series to the national income so that it allows for the production of economy-wide growth incidence curves and for standardised international comparison.

### 3 Income Inequality in Thailand, 2001-2016

#### 3.1 Severity and dynamics of income inequality

To describe the results, I will discuss both the distribution of pre-tax post-transfer fiscal income and the upgraded distribution of national income. The reason for this is that most studies on inequality in developing countries are still limited to fiscal income series due to data limitation. Hence, this allows for both international comparison of the same definition of income, and also allow us to compare rather easily the impact of introducing non-fiscal capital income into the picture.

##### 3.1.1 Pre-tax fiscal income series

For the distribution of pre-tax post-transfer fiscal income, the benchmark scenario chosen follows A0 (averaged income-consumption ratio), B3 ( $p_1 = p_{80}$ ), C2 (convex rise). Figure A.6-A.11 visualise the evolution of fiscal income inequality between 2001 and 2016 shown in table 2.4. We can see that the share going to the top 10% remains rather stable with only a small reduction. The share going to the top 10% was 49.88% in 2001, and 47.88% in 2016. Meanwhile, the share going to the bottom 50% have been increasing steadily since 2001; from only 13% in 2001 to around 18.54% in 2015, then a decline in 2016 to 16.92%. This is a good sign: it means that in 2001, the top 10% earned on average almost 20 times more than the bottom 50%, while in 2016, the top 10% earned around 14.2 times more than the bottom 50%. However, the level of inequality is still definitely worrisome. As for the middle 40%, their income share has been quite stable —going from 37.14% in 2001 to 35.16% in 2003, and remained so until 2016 (35.19%).

The first thing to note here is that this is significantly higher than what we observe in the survey distribution (see table 2.2), as the survey share going to the top 10% is only 42% and

<sup>11</sup>For the distribution of  $y_{nf}$ , it is assumed that it follows the wealth distribution of the closest and latest year. (for instance, the distribution of non-fiscal capital income in 2008 follows the wealth distribution in 2009.)

## 2. Dynamics of Thai Income Inequality

35.42% in 2001 and 2015 respectively. The second observation to be noted directly is that the survey data shows a strong decline of the share going to the top 10%. The larger gap between the corrected and non-corrected estimates suggests that the underrepresentation issue in the survey has been getting worse in the past years. The corrections using fiscal data significantly change the trend that we observe for the richest 10%, and the share that is attributed to the top 1%, 0.1%, and 0.01% are significantly higher.

Table 2.4: Thai income inequality: combining fiscal and survey data

|       | Top 0.01% | Top 0.1% | Top 1% | Top 10% | Middle 40% | Bottom 50% |
|-------|-----------|----------|--------|---------|------------|------------|
| 2001  | 2.90%     | 8.32%    | 20.75% | 49.88%  | 37.14%     | 12.98%     |
| 2002  | 2.75%     | 7.86%    | 19.92% | 49.03%  | 36.31%     | 14.65%     |
| 2003* | 3.03%     | 8.57%    | 21.47% | 50.96%  | 35.16%     | 13.89%     |
| 2004  | 3.02%     | 8.40%    | 20.85% | 49.38%  | 35.32%     | 15.30%     |
| 2005* | 3.07%     | 8.23%    | 20.58% | 48.96%  | 35.91%     | 15.13%     |
| 2006  | 3.12%     | 8.10%    | 20.37% | 48.62%  | 36.39%     | 15.00%     |
| 2007  | 2.83%     | 7.42%    | 19.11% | 47.55%  | 36.56%     | 15.89%     |
| 2008* | 3.11%     | 7.92%    | 19.97% | 49.00%  | 35.30%     | 15.71%     |
| 2009  | 2.75%     | 7.06%    | 18.05% | 45.57%  | 37.60%     | 16.83%     |
| 2010* | 3.25%     | 7.84%    | 19.43% | 48.53%  | 35.28%     | 16.19%     |
| 2011  | 3.09%     | 7.36%    | 18.26% | 46.04%  | 36.58%     | 17.38%     |
| 2012* | 2.77%     | 7.18%    | 18.45% | 48.14%  | 35.49%     | 16.37%     |
| 2013  | 2.41%     | 6.39%    | 17.03% | 45.23%  | 37.65%     | 17.13%     |
| 2014* | 2.32%     | 6.42%    | 17.48% | 46.79%  | 35.91%     | 17.30%     |
| 2015  | 2.04%     | 5.78%    | 16.11% | 43.66%  | 37.80%     | 18.54%     |
| 2016* | 2.19%     | 6.22%    | 17.51% | 47.88%  | 35.19%     | 16.92%     |

Source: Author's own calculation based on household surveys, PIT tabulations, and national accounts.

Note: \* means that the income module was not available in the survey for the corresponding year. The benchmark case, shown here, utilised scenario A0 (averaged ratios), B3 ( $p_1 = p_{80}$ ), and C2 (convex rise).

Table 2.5: Thresholds, averages, and fiscal income shares in 2016 Thailand

| Income groups          | Number of adults | Threshold     |                    | Average income |                    | Income share |
|------------------------|------------------|---------------|--------------------|----------------|--------------------|--------------|
|                        |                  | Thai Baht     | Dollars (2017 PPP) | Thai Baht      | Dollars (2017 PPP) |              |
| <b>Full population</b> | 36,459,685       | 0.00          | 0.00               | 196,520.50     | 15,692.77          | 100%         |
| <b>Bottom 50%</b>      | 18,229,843       | 0.00          | 0.00               | 66,512.00      | 5,311.19           | 16.92%       |
| <b>Middle 40%</b>      | 14,583,874       | 108,070.70    | 8,629.78           | 172,911.00     | 13,807.47          | 35.19%       |
| <b>Top 10%</b>         | 3,645,969        | 374,431.80    | 29,899.53          | 940,994.00     | 75,141.26          | 47.88%       |
| incl. Top 1%           | 364,597          | 1,530,594.00  | 122,222.63         | 3,440,993.00   | 274,773.86         | 17.51%       |
| Top 0.1%               | 36,460           | 5,754,978.00  | 459,552.66         | 12,228,874.00  | 976,513.14         | 6.22%        |
| Top 0.01%              | 3,646            | 19,000,000.00 | 1,517,208.34       | 43,054,410.00  | 3,438,026.83       | 2.19%        |
| Top 0.001%             | 365              | 68,300,000.00 | 5,453,964.70       | 157,255,232.00 | 12,557,313.10      | 0.80%        |

Source: Author's own calculation based on household surveys, PIT tabulations, and national accounts.

Note: \* means that the income module was not available in the survey for the corresponding year. The benchmark case, shown here, utilised scenario A0 (averaged ratios), B3 ( $p_1 = p_{80}$ ), and C2 (convex rise).

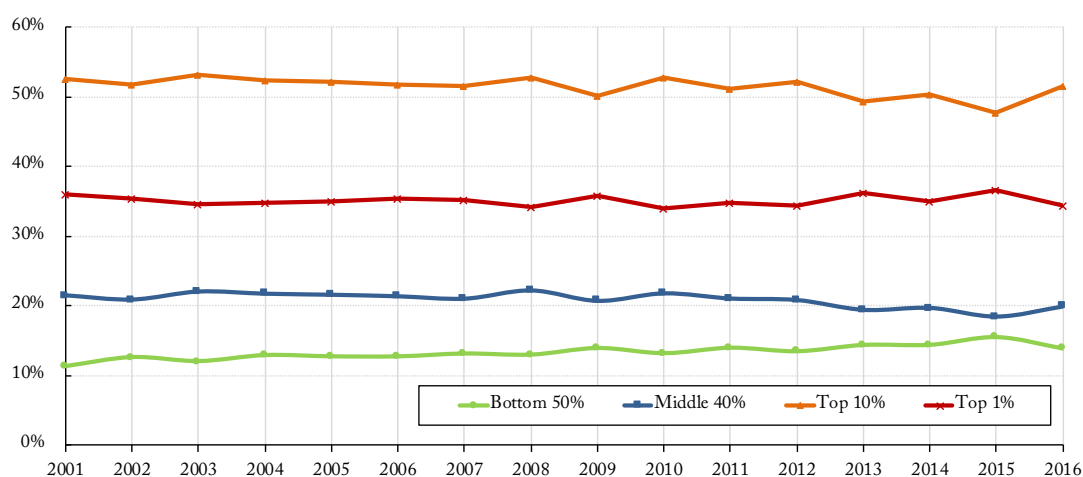
Table 2.5 shows the thresholds and average fiscal income for different income groups after corrections using fiscal data for the year 2016. In order to join the ranks of the richest 10%, one must make at least around 375,000 baht annually or around 29,900 dollars (2017 PPP), almost twice higher than the average fiscal income per adult. The average income of the top 10% is 941,000 Baht (around 75,100 dollars). As for the top 1%, the threshold and the average income is at 1.54 million baht (122,200 dollars), and 3.44 million baht (275,000 dollars), respectively.

### 3.2 Pre-tax national income (DINA) series

Moving on to the pre-tax national income series, figure 2.6 shows the national income share of each income group between 2001 and 2016. By combining household surveys, fiscal data, and national accounts, the share of national income going to the top 10% was 52.62% in 2001 and 51.49% in 2016, and the share going to the bottom 50% was 11.30% in 2001 and 13.90% in 2016. As we can see from figure 2.6, it is arguable that inequality has not changed dramatically since 2001, albeit there seems to be a slow increase in the income share of the bottom 50%. This means that the average income of the bottom 50% is 18.5 times lower than that of the top 10% in 2016, while in 2001, it was 23.3 times lower. At the same time, the share going to the middle 40% is quite stable with a slight reduction: 36.09% in 2001 and 34.51% in 2016.

If we compare our final estimates to the share observed in the survey data (see table 2.2) and the fiscal income series, two main observations from the fiscal income series still hold true — the final estimates suggest a level of inequality that is much worse than what is observed using solely household surveys. The final estimates of inequality also is worse than the fiscal income series. Secondly, the top 10% and top 1% share seems to be more stable than what the fiscal series showed. Figure A.12 plots the share of top 10%, middle 40%, and bottom 50% from the fiscal and national income series for an easier comparison. Figure A.13 explicitly shows the differences in percentage points between the two series. Interestingly, the upward adjustment of the top 10% and top 1% income share is larger in later years — suggesting that perhaps the richest households in Thailand are accruing higher and higher share of non-fiscal income. Nonetheless, the correction from the survey to the fiscal series is the most significant adjustment.

Figure 2.6: Income inequality in Thailand, 2001-2016: national income series



Author's own calculation based on household surveys, tax tabulations, and national account. The income definition used here is the distribution of pre-tax national income (before taxes and transfer, after pensions and unemployment insurances). The unit of observation here is equal-split adult.

Table 2.6 shows the income thresholds, averages, and the income share of each income group in Thai Baht and dollar (2017 PPP). Firstly, in comparison to the same presentation



## 2. Dynamics of Thai Income Inequality

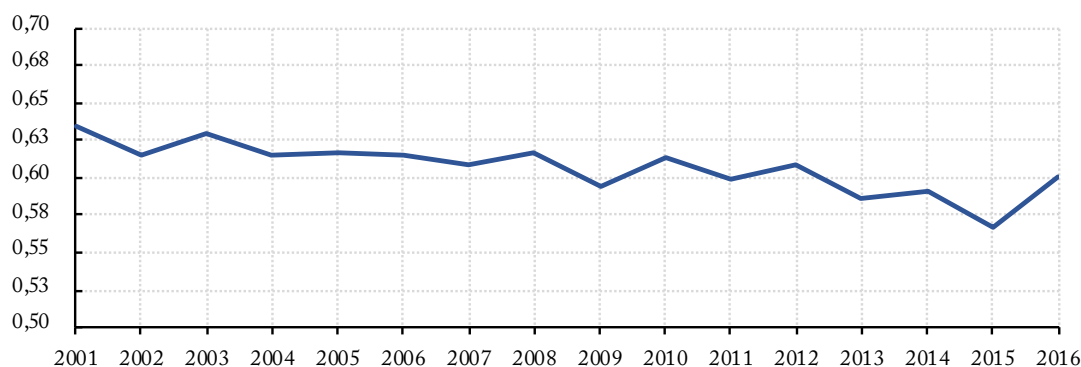
for total fiscal income in table 2.5, the total average income, threshold levels, and average income of each group is significantly higher since we introduce non-fiscal capital income into consideration. Now, to belong in the top 10%, one would need at least 47,850 dollars — which is almost twice the average income of the entire adult population.

Table 2.6: Thresholds, averages, and national income shares in Thailand, 2016

| Income groups          | Number of adults | Threshold      |                 | Average income |                 | Income share |
|------------------------|------------------|----------------|-----------------|----------------|-----------------|--------------|
|                        |                  | Thai Baht      | 2017 Dollar PPP | Thai Baht      | 2017 Dollar PPP |              |
| <b>Full population</b> | 36,459,685       | 0.00           | 0.00            | 309,812.72     | 24,739.50       | 100%         |
| <b>Bottom 50%</b>      | 18,229,843       | 0.00           | 0.00            | 86,124.00      | 6,877.27        | 13.90%       |
| <b>Middle 40%</b>      | 14,583,874       | 148,886.28     | 11,889.03       | 267,299.00     | 21,344.65       | 34.51%       |
| <b>Top 10%</b>         | 3,645,969        | 599,218.32     | 47,849.42       | 1,598,302.00   | 127,629.32      | 51.59%       |
| incl. Top 1%           | 364,597          | 2,608,684.70   | 208,311.48      | 6,187,370.00   | 494,080.49      | 19.97%       |
| Top 0.1%               | 36,460           | 9,880,617.50   | 788,997.64      | 23,881,425.00  | 1,907,005.11    | 7.71%        |
| Top 0.01%              | 3,646            | 35,758,214.00  | 2,855,403.18    | 98,109,090.00  | 7,834,312.07    | 3.17%        |
| Top 0.001%             | 365              | 148,958,048.00 | 11,894,757.49   | 436,085,575.00 | 34,822,772.10   | 1.41%        |

The Gini coefficients, a simpler statistics for inequality, shows a slight decline from 0.64 to 0.60 between 2001 to 2016. There seems to be a decreasing trend between 2010 and 2015, then a sudden increase in the last year of observation. However, it is still too little to speculate on how inequality would evolve in Thailand after 2016. Of course, this is consistently higher than what is observed in the survey data throughout the entire period. For instance, the survey data suggests that the gini coefficient in 2013 is 0.465 in 2013, but our corrected series shows that it is around 0.587.

Figure 2.7: Gini coefficients for the distribution of national income, 2001-2016



Author's own calculation based on household surveys, tax tabulations, and national account. The income definition used here is the distribution of pre-tax national income (before taxes and transfer, after pensions and unemployment insurances). The unit of observation here is equal-split adult.

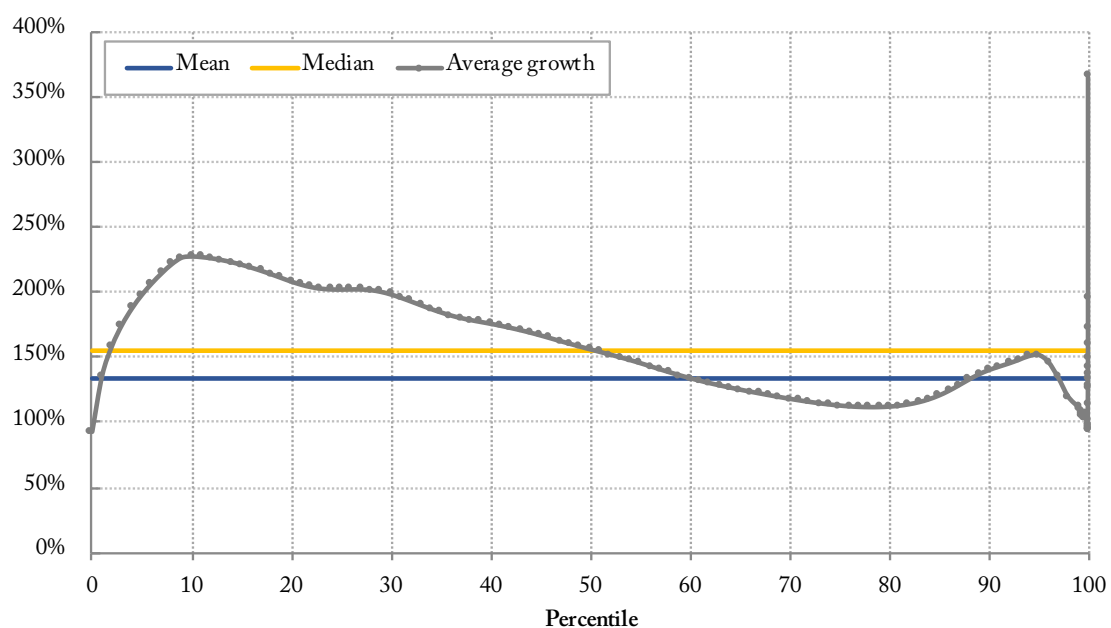
### 3.2.1 Equitability of income growth in Thailand

One of the most straightforward method to visualise the distribution of economic growth is through the growth incidence curve (GIC) of the national income. Between 2001 and 2016, the real growth of national income per Thai adults is around 133%, as it grew from 10,590 dollars to 24,740 dollars (2017 PPP). Figure 2.8 shows the 2001-2016 growth incidence curve for each income percentile, scaled by population. Apart from the first

and the second percentile, the bottom 60% have enjoyed an income growth that is faster than the average rate. However, the group that enjoyed the highest rate of growth is at the absolute top —the top 0.0001% enjoyed as much as 365.10% for this period.

It is also useful to consider the *share of growth captured* by each income group, since although the bottom half may have enjoyed large real growth, this could be a smaller portion of the overall real growth since the average income of the group is much smaller than, for example, the top 10%, whose average income is 18.5 times higher than that of the bottom 50% as mentioned earlier. As a result, figure 2.9 presents the same GIC, but the horizontal axis is now scaled by the share of growth captured by each income group. More precisely, the distance between each income group shown is proportional to how much the corresponding income group have captured. For 2001 - 2016, of all the growth in the national income, the top 10% captured as much as 50.82%, while the bottom 50% captured only 15.85%. The counterfactual that would be deemed equitable is the top 10% capturing 10% of the growth, while the bottom half capture half of the total growth. As a result, although the real growth rate of the bottom 50% may have been impressive when compared to their own average level of income, much of the fruits of economic growth is still enjoyed extremely disproportionately by the richest 10%.

Figure 2.8: Total cumulated real growth by percentile, 2001-2016 — scaled by population

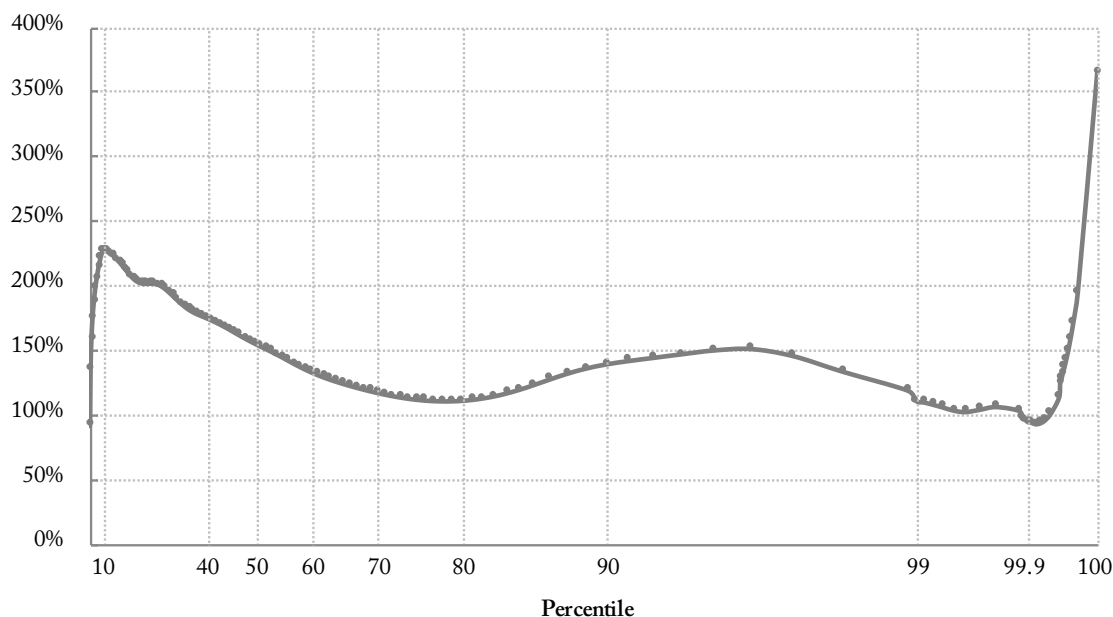


Author's own calculation based on household surveys, tax tabulations, and national account. The income definition used here is the distribution of pre-tax national income (before taxes and transfer, after pensions and unemployment insurances). The unit of observation here is equal-split adult.

Now, although 16 years is barely long enough to make any valuable sub-period analysis, table 2.7 shows the average income growth of income groups in 4 key sub-periods. This choice is based on the fact that in 2006 and 2011, there was a military coup d'état. The governments that were deposed by them were led by the party that is known for their pro-poor policies. The majority of people that support this authoritarian force is known and

## 2. Dynamics of Thai Income Inequality

Figure 2.9: Total cumulated real growth by percentile, 2001-2016 — scaled by share of growth captured



Author's own calculation based on household surveys, tax tabulations, and national account. The income definition used here is the distribution of pre-tax national income (before taxes and transfer, after pensions and unemployment insurances). The unit of observation here is equal-split adult. Between 2001 and 2016, share of growth captured by the bottom 50% is 15.85%. The top 10%, the top 1%, and the top 0.1% captured 50.82%, 18.77%, and 7.76%, respectively.

accepted to be the upper-middle class and the upper class in the Thai society. Due to this relation and the policies of the military government that are much less pro-redistribution in contrast to the civilian governments before them, it might be possible to observe some differences in terms of distributional patterns in the Thai economy based on each type of political system. Given the fact that the civilian governments employed many policies that are designed to intervene and raise agricultural prices, we might observe some differences across these four periods.

Table 2.7: Cumulated income growth by income groups and periods in Thailand

| Income group           | Total cumulated growth (2001-2016) | Share of growth captured (2001-2016) | Share of growth captured |           |           |           |
|------------------------|------------------------------------|--------------------------------------|--------------------------|-----------|-----------|-----------|
|                        |                                    |                                      | 2001-2006                | 2007-2011 | 2011-2014 | 2015-2016 |
| <b>Full population</b> | 133.62%                            | 100.00%                              | 100.00%                  | 100.00%   | 100.00%   | 100.00%   |
| <b>Bottom 50%</b>      | 187.46%                            | 15.85%                               | 15.55%                   | 18.98%    | 18.61%    | -17.67%   |
| <b>Middle 40%</b>      | 123.43%                            | 33.33%                               | 34.24%                   | 31.57%    | 37.82%    | -3.87%    |
| <b>Top 10%</b>         | 129.05%                            | 50.82%                               | 50.21%                   | 49.45%    | 43.58%    | 121.53%   |
| incl. Top 1%           | 116.29%                            | 18.77%                               | 21.16%                   | 21.22%    | 6.78%     | 47.20%    |
| Top 0.1%               | 135.86%                            | 7.76%                                | 7.39%                    | 6.46%     | 11.54%    | 18.40%    |
| Top 0.01%              | 219.53%                            | 3.80%                                | 2.84%                    | 2.42%     | 10.63%    | 8.18%     |
| Top 0.001%             | 365.11%                            | 1.93%                                | 1.32%                    | 2.01%     | 4.97%     | 4.27%     |

Another thing to note is that, between 2015-2016, the bottom 90% captured a negative share of total real growth — meaning that their average level of income reduced in real terms. Indeed, this might be an anomaly since it is based on only two years of observation whose national account figures are still being reviewed. However, this corresponds

directly to the local sentiment not long after the current military government took to power. There have been many discussions, both online and offline, that many people found Thailand's growth rate of around 4% or more to be surprising since they certainly do not feel the increase. More scientifically, the National Statistics Office also published that, *based on household surveys*, the bottom 40% had seen their income reduced between 2015 and 2016.

## 4 Conclusions

Personal income tax data, which captures income levels of the richest earners in Thailand, is used to correct the distribution built solely from household surveys, which are known to be biased because of their lack of information on the rich. This correction yields the fiscal income series —meaning the income categories that are subjected to be assessed upon filing tax returns. Then, the national income series is constructed by adding non-fiscal income, so that the national income level can be represented.

By combining all the three sources, it is clear that inequality series relying solely on survey data are unreliable, as the underrepresentation or underreporting issues seem to have worsened for the past years. This supports the suspicions as to the reliability of such inequality estimates, and it is therefore advisable to rely on the estimates produced herein. Looking at both the fiscal income and national income series, we can observe a very modest improvement of inequality between 2001 and 2016. The share of national income owned by the bottom 50% was around 11.30% in 2001 and 13.90% in 2016, while the top 10% share was 52.62% and 51.49%.

Between 2001-2016, the growth incidence curve shows that the bottom 50% and the richest 0.001% are the only groups that grew faster than the median, while the middle class grew slower. However, when we look at the share of growth captured by each income groups, the top 10% captured half, while the bottom 50% only took away 16% of the real growth. Focusing more on sub-periods shows that the share captured by each income group was quite stable between 2001-2014, with the bottom half capturing around 15-20%, and the middle 40% and the top 10% taking around 35% and 50% respectively.

If we assume that the middle 40% corresponds to the middle class in Thailand, then these findings support recent studies on Thai political economy, such as Pitidol and Techasunthornwat (2017); Sattayanurak (2014): the two most recent coups d'état and the anti-democratic narratives of the middle class have stemmed from the fact that the middle class is losing the economic power it used to have. Chapter 3 elaborates further on this.

## 5 Implications for Future Research

Regarding limitations, this thesis tried to make the most of the information available from the tax tabulations that were kindly provided by the Revenue Department, Ministry of

## 2. Dynamics of Thai Income Inequality

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Finance of Thailand. However, there are limitations which could be improved upon if the micro-level tax data is available. Firstly, to obtain the equal-split series, I assumed that the numbers of tax-filers that were reported can represent households directly, although taxpayers can both file tax returns independently or as a couple. If there is significant gender income inequality, and there is a significant share of taxpayers filing jointly as couples, the estimates provided here will underestimate the actual level of inequality. Secondly, due to the limitation in the tabulations, gross income have to be used since the tabulations of net income takes into account the deductions that should be excluded from the estimation of pre-tax post-transfer income distribution. As a result, this work assume by nature that individuals remain in the same brackets even when net capital income is considered, and that the income distribution of taxpayers remain roughly the same. I have tried to get around this problem by making sure that the income variables constructed from the survey is as close as possible to that of the tabulations. These issues are easily addressed with the availability of micro-level tax data.

Furthermore, due to the limitation on the data available on wealth, the distribution of total non-fiscal income prior to 2006 relied on the wealth distribution that is observed in 2006. If there are significant variations in the actual distribution of wealth —and, therefore, of the non-fiscal income —then what is captured here prior to 2006 can be improved with more data availability.

It is still possible to decompose the income series into labour and capital income categories, and this is one of the immediate future line of work that is possible. The detailed tax tabulations decomposed assessable income into major categories such as wages and salaries, rent income, earned dividends and interests, and so on. It is noteworthy that the share of labour income is quite stable at around 90% below 450,000 baht (around 12,000 dollars), and the share steadily decreases as the last bracket's share of capital income is around 75-80% for most years. Another possible extension is to look at spatial income inequality. The Revenue Department also provides tax tabulations by province.<sup>12</sup> In light of the post-crisis change in the structure of political and economic relations, the spatial analysis of income inequality would lend important insights into the differences between democratic and military governments.

At the mean time, this research can be a good gateway into the study of wealth inequality in Thailand. Information on wealth holding is both limited in terms of collection, but those that exist are also difficult to come by (for instance, landownership). However, this setback can be overcome through the *income capitalisation approach*. Data sources such as rich lists (e.g. Forbes millionaire list) and national account can allow for this methodology to be used. The first allows to correct further the potential underrepresentation of the wealthiest households, and the latter would allow us to estimate the average rate of return of different type of capital.<sup>13</sup>

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<sup>12</sup>The administrative area of Thailand is divided into six regions and further into 76 provinces excluding two special administrative areas, Bangkok and Pattaya.

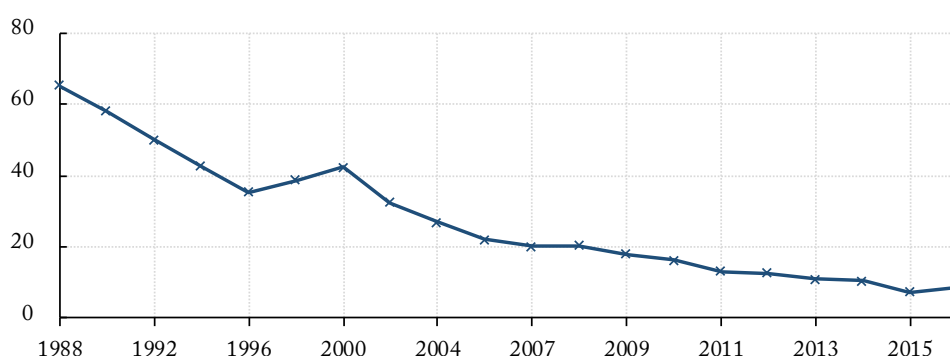
<sup>13</sup>For examples of studies that have used this methodology, see Saez and Zucman (2016); Garbinti, Goupille-Lebret, and Piketty (2017)

## Inequality & the Evolution of Political Conflicts in Thailand, 2001 - 2016

How can we explain the dynamics of income inequality observed in chapter 2? How does it relate to the political crises of the past twelve years? This small chapter aims to provide a discussion on the relationship between the political economic structure and the distribution of economic resources in Thailand.

Economic institutions and political institutions are intricately linked: therefore so are economic inequality and political inequality. In an authoritarian state, by nature, political rights are limited to a very small share of the population. With the overlapping of these political elites as economic elites, the authoritarian state was never concerned with redistributing income and wealth, and the adopted policies will be designed for the benefits of the ruling elites. This is the exact manifestation of the Thai political economy from the 1970s to the 1990s. The Asian Financial Crisis and the 1997 constitution brought this relationship to an end. In order to understand the trend of inequality thereon, we must consider the new party politics, class mobilisation, and conflicts that were introduced.

Figure 3.1: 1988 - 2016 poverty rate (national poverty line)



Source: NESDB (2018)

As mentioned before, the poverty rate (based on the national poverty line) continued to fall after a slight increase around the 1997 Asian Financial Crisis (figure 3.1). At the beginning of the 21st century, the poverty rate was a little higher than 40%. By 2006, it was halved to 22%: in 2016, it reached 8.61%. The 2001-2016 growth incidence favoured the bottom 50% and the very richest 0.001% group. This reflects the pro-poor policies of the democratic governments that came after 2001. Meanwhile, the middle 40% experienced an income growth rate that is lower than the average. It will be argued here that it is due to this 'shrinkage' of the middle 40% that raised discontent against democratic governments amongst the middle class.

As a result, we will look first discuss the middle class's position in Thai politics after 2001 in section 1. Section 2 will provide preliminary discussions on the cleavage structures in Thailand. And section 3 will provide some insights into the redistribution challenges and possible trajectories of inequality in the future.

## 1 The 'Middle Class' and Preference for Democracy

It is difficult to define, in relations to the income distribution, which income groups exactly correspond to the middle class in Thai political discourse. In this preliminary work, I will follow the definition used in Pitidol and Techasunthornwat (2017) and Satitniramai, Mukdawijitra, and Pawakapan (2013). In this literature, the middle class is divided into two main groups —upper- and lower-middle class —based on the nature of their intergenerational trajectory and role in the past political conflicts. The upper-middle class, also dubbed as the 'established' middle, are the ones who had been enjoying the rapid growth between the 1970s and the 1990s. Meanwhile, the lower-middle class are the 'new' middle, having grown out of poverty only recently. Pitidol and Techasunthornwat (2017) and Satitniramai et al. (2013) agreed that the established middle are the *yellow shirts* —the group of people that came out and supported the 2006 and 2014 military coups. While the new middle are the *red shirts* —the supporter of the 2001-2006 government led by Thaksin Shinawatra, and 2011-2014 government led by Yingluck Shinawatra.

### 1.1 Defining the Thai middle class

Pitidol and Techasunthornwat (2017) provides the consumption thresholds and averages for these groups (see table 1 in Pitidol & Techasunthornwat, 2017). For the year 2014, comparing to our estimation, the new middle are the ones belonging between the 5th and the 55th percentile. For the established middle, the group corresponds to the 55th to the 88th percentile. This definitely makes our analysis easier, since we can argue that the majority of the middle 40% is indeed the established middle class who have been a major supporter of the military government. Meanwhile, we can also say that the bottom 50% are the pro-democracy majority. Thus, from this point forward, I will refer to Pitidol and Techasunthornwat (2017)'s new middle class as the bottom 50%, and the upper-middle class will be referred to as the actual middle 40% of the income distribution.

Since the corrected series have not been extended to periods prior to 2001 (due to data limitation), the growth of the middle 40% must be implied based on past work on these periods. Most directly, Pitidol and Techasunthornwat (2017) have shown that the size of the upper-middle class<sup>1</sup> have grown significantly between 1980-1988 under the government of General Prem Tinsulanonda at an annual rate of 11%, and 10% between 1992 up to the 1997 AFC. The average income of the upper-middle class and the rich grew at a much faster rate than the rest of the population since the 1980s until the late 1990s. This is reflected by the rapidly rising Gini coefficient during the same period (Ikemoto & Uehara, 2000; Ikemoto & Limskul, 1987). As a result, the Thai middle class today enjoyed two decades of upward mobility.

### 1.2 The middle squeeze and the reaction against democracy

This pre-1997 backdrop is necessary to understand the political conflicts that arrived at the beginning of the 21st century. Using the national income series that we have produced in the previous chapter, figure 3.2 and 3.3 shows the growth incidence curve scaled by population and share of real growth captured between 2001 and 2006. Although the middle 40% could capture 35% of real growth between 2001 and 2006, this was the first time that the middle 40% grew slower than the bottom 50%. In real terms, the average person within bottom 50% and the top 10% grew by 70.81% and 50.44% respectively between 2001 and 2006. At the same time, the middle 40% —the established middle—grew around 48.8% in real terms. Nonetheless, the middle class still captures a twice larger share of the economic growth (see table 2.7 for details). This is the opposite of the findings in Pitidol and Techasunthornwat (2017) that, between 2001-2016, the middle class enjoyed higher growth than the bottom half.<sup>2</sup> Therefore, the estimates in this work suggests that the anti-democratic sentiment of the middle class might have been formed more rapidly —within the first two terms of Thaksin's government.

Between 2001-2006, the government was led by the Thai Rak Thai party, led by Thaksin Shinawatra. As mentioned briefly in the introduction, Thaksin's 2001 campaign can hardly be defined as pro-poor or pro-redistribution. The impacts of the AFC could still be seen, and his campaign promise was to restore the economic growth to the level before the crisis, and bring back investor's confidence in Thai industries (Mizuno & Phongpaichit, 2009). But due to his corruption accusations, he sought the support of the poor by introducing pro-poor narratives in order to legitimise his political power. 'Grass-root' policies such as one-million baht village funds, price insurance scheme on agricultural produces, and universal healthcare plan were adopted very early on in the first term. Government budget were significantly decentralised, also with the help of the 1997 constitution. This is the first time that a political party in power implement economy-wide redistributive policies in modern Thai history. Thus, rose the first substantial class-based political system.

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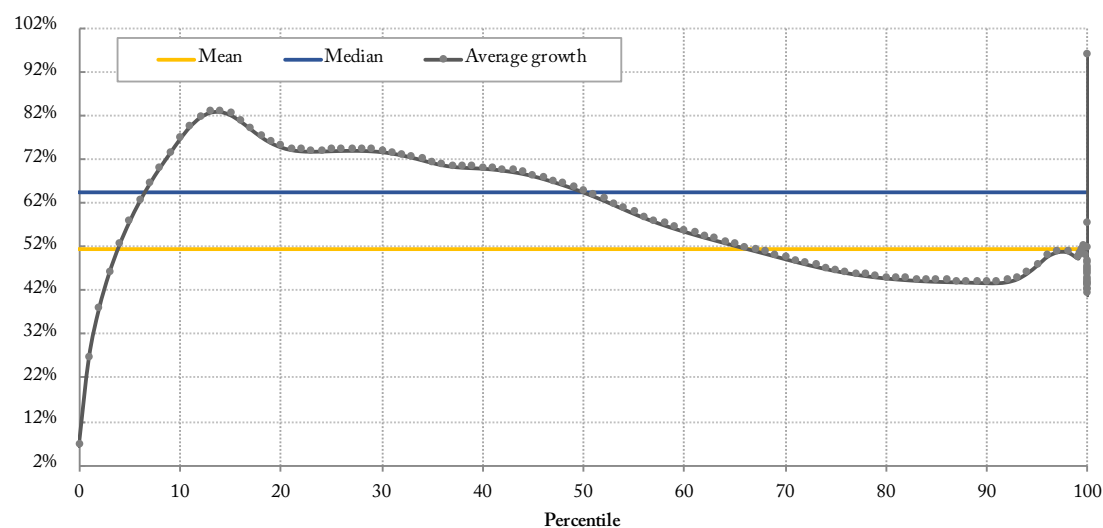
<sup>1</sup>Within the brackets that the authors had defined.

<sup>2</sup>Note that this is perhaps due to the fact that Pitidol and Techasunthornwat (2017) considers consumption instead of income.



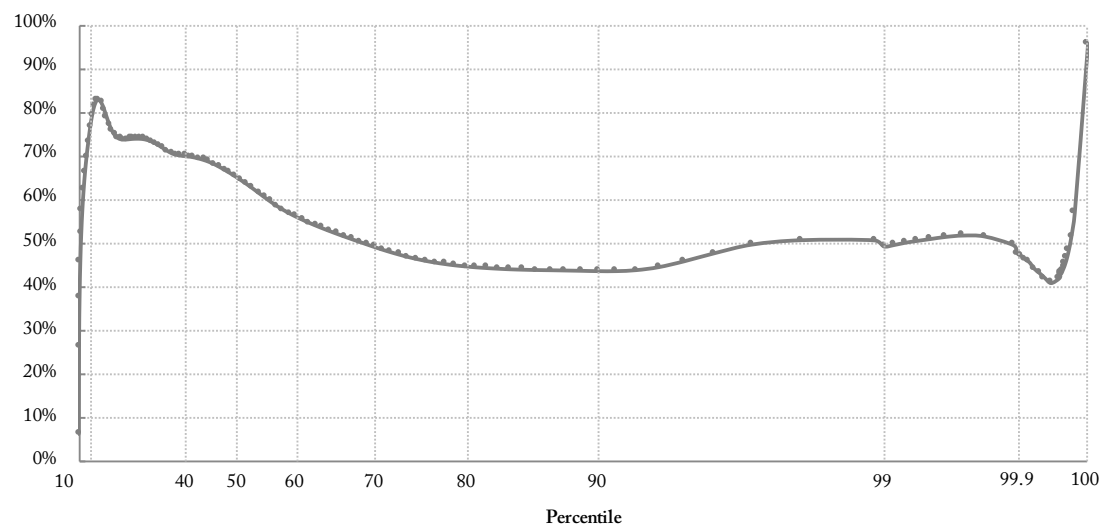
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Figure 3.2: Total cumulated real growth by percentile, 2001-2006 — scaled by population



Author's own calculation based on household surveys, tax tabulations, and national account. The income definition used here is the distribution of pre-tax national income (before taxes and transfer, after pensions and unemployment insurances). The unit of observation here is equal-split adult.

Figure 3.3: Total cumulated real growth by percentile, 2001-2006 — scaled by share of growth captured



Author's own calculation based on household surveys, tax tabulations, and national account. The income definition used here is the distribution of pre-tax national income (before taxes and transfer, after pensions and unemployment insurances). The unit of observation here is equal-split adult. Between 2001 and 2006, share of growth captured by the bottom 50% is 15.55%. The top 10%, the top 1%, and the top 0.1% captured 49.45%, 21.22%, and 6.46%, respectively.

As a result, the bottom 50% enjoyed a significant increase in their income, especially with higher prices of agricultural products (through the government's price interventions) and the healthcare scheme that allowed poor households to better smooth their consumption. With the middle class feeling left out, the first appearance of the term 'populism' in the Thai political context appeared during this period. Carrying a negative connotation, it was used by the middle and upper class to criticise the policies that the government adopted during this time.

The 2006 coup d'état was successful due to a few key manifestations. *Firstly*, the rapid economic growth of the 1980s and 1990s allowed the middle class to hold on to a liberalistic belief that social mobility could be possible without government intervention, and that *effort* is the absolute determinant of success. As a result, the policies Thaksin's government implemented in order to redistribute income to the bottom 50% were deemed as unnecessary and in disagreement with the what the role of the state should be. When Thaksin faced corruption scandals, the motives behind these redistributive policies became entangled with the accusations of corruption —conditioning the meaning of 'populism' and its use in the public sphere. One amongst many arguments that the middle class still uses to criticise the Thaksin government is, for instance, that the poor's votes are misled by Thaksin's capitalist promises.

*Secondly*, the middle class expresses a strong pro-monarchy stance.<sup>3</sup> The popularity of Thaksin shifted Thai politics away from the traditional Thai political economy with the monarchy at the centre. This was the deciding factor that led the middle class to the *yellow shirts* street protests to depose of Thaksin from the government in 2006. When the Pheu Thai party, a reincarnation of Thai Rak Thai party, won the election in 2011 in a landslide with Yingluck Shinnawatra as the prime minister, the 2014 coup d'état that follows were built upon the same forces.

## 2 Political Polarisation and the Possibility of Class-based Politics

The three maps shown in figure A.15 visualise the lower-house seats won during the 2001, 2005, and 2011 election. In 2001, it was the first time that the Thai Rak Thai, led by Thaksin Shinnawatra, enter a election campaign since founded in 1998. With the help of local NGOs and activists, the TRT successfully captured the rural vote in the Northern and the Northeastern region of the Thailand, where the average levels of income are the lowest. The Democrats, the long-standing royalist political party, becoming unpopular due to their involvement with the IMF after the crisis, the TRT almost won an absolute majority (Baker & Phongpaichit., 2014, p. 263).

As aforementioned, his pro-poor policies —designed with the aim to legitimise his political power, and shown as an attempt to create a cohesive market economy for post-

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<sup>3</sup>Due to the exploratory scope of this chapter, the origins of such sentiments will not be discussed. For deeper discussions, see Pitidol and Techasunthornwat (2017); Satitniramai (2013); Phongpaichit and Baker (2015) and Mérieau (2018)

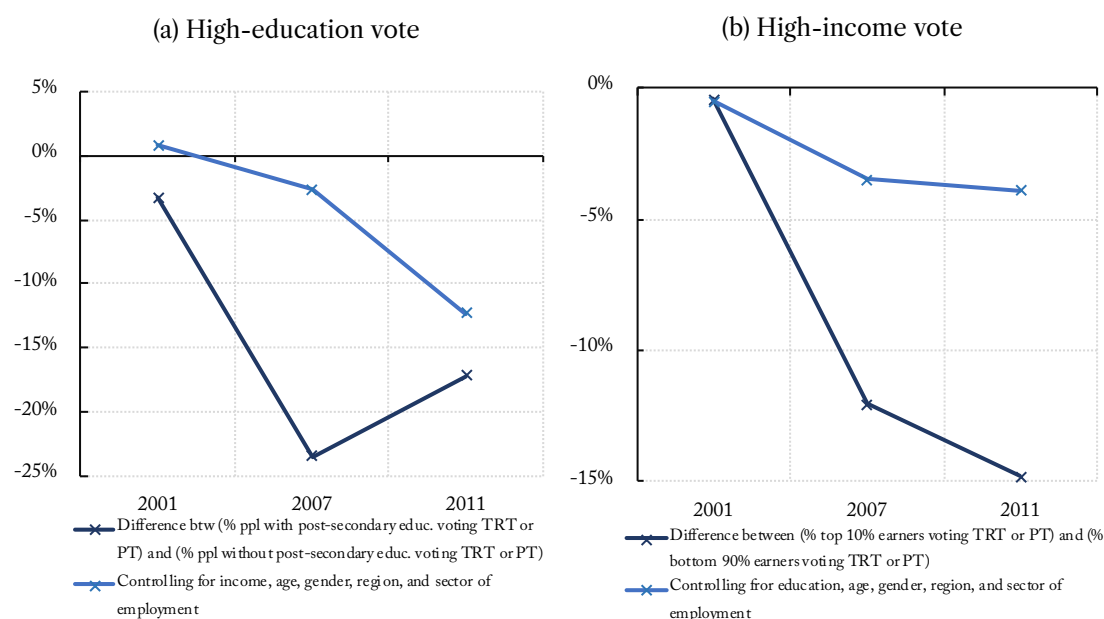
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crisis growth —were proven to be extremely popular. In 2005, the TRT won again —but this time they controlled 67% of the 500 lower-house seats. By this time, Thaksin had finally consolidated his political popularity throughout the country apart from the south which is the main constituency of the Democrat party.

If it was not clear in 2001, class-based voting behaviours became clear in the Thai political sphere by the 2011 election. Figure 3.4 provide a simple visualisation of the changes in the voting behaviours by education and income. Note that there was also the first election since the 2006 coup d'état on December 2007. During this period, the TRT party is outlawed and its politicians were banned for five years. The vote share that is shown in the year 2007 were for the People's Power Party (PPP), which was a reorganisation of the TRT party under the political ban. As a result, we consider the TRT in 2001, PPP in 2007, and the Pheu Thai party in 2011 to be of the same party.

As for the estimates with controls, those with university education were as likely to vote for the TRT as those with secondary education or lower in 2001. But by 2011, they are 12.33 percentage point (pp) less likely to vote for the Pheu Thai party. The income cleavages also appeared but less dramatically so: the top 10% were as likely to vote for the TRT as the bottom 90% after controlling for age, gender, region, and sector of employment. But they were 3.5 pp and 3.9 pp less likely to vote for PPP and Pheu Thai party in 2007 and 2011 respectively. As a result, the fact that these three parties (with almost identical party members) won every election mentioned here suggests that there was an emergence of class-based politics after 2001 —at least in the dimension of income and education. This conclusion is not surprising, as it directly reflects the foundation of the political conflicts for the past 12 years.

Figure 3.4: Social cleavages in Thailand



Source: author's own calculation based on the Comparative Study of Electoral Systems (CSES) data on Thailand.

### 3 Conclusion and Thoughts on the Future of Thai Inequality

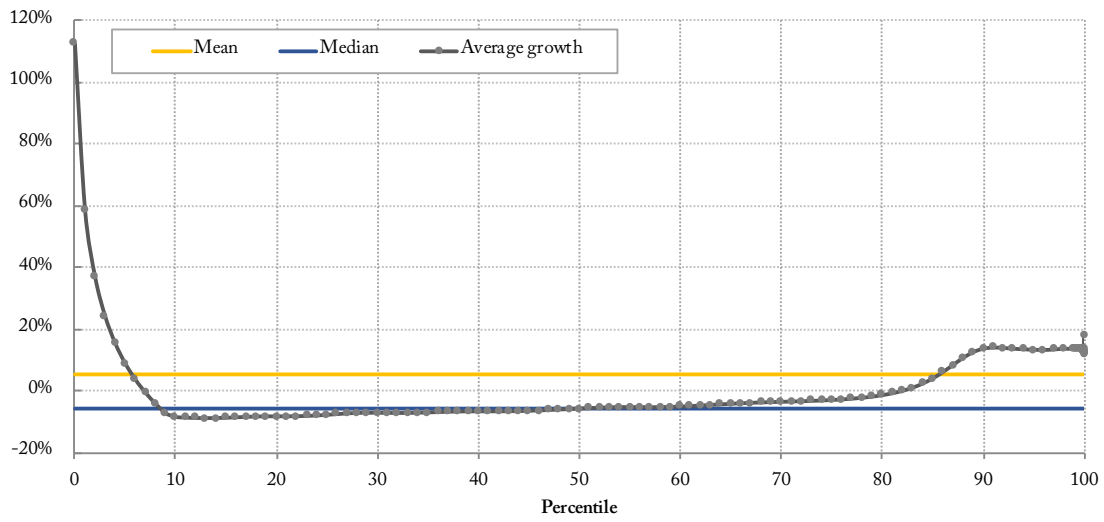
Inequality has been stabilised at least since 2001, with some improvement in the bottom 50% share. However, this stabilisation and its link to redistributive policies appears to be one of the main reasons for the political conflict that was substantiated by the 2006 coup d'état. The post-crisis democratic government paid a large part of its attention to the implementation of pro-poor policies. As the poor were mobilised, this led to the loss of economic and political power that the middle class once enjoyed in the two decades prior. As a result, the middle class was the main anti-democratic force that brought back the military at the centre of Thai politics: but since 2016, the relations structure amongst the political and economic elites have changed once more.

It is yet unclear whether income inequality in Thailand will continue to stabilise, improve, or worsen in the future. It is worth noting that, with new round of data for 2017, we can see the distribution of income under the current military regime in a much clearer picture. Nonetheless, it is worth mentioning that the future does not look bright with regards to inequality. As mentioned in the last chapter, there has been a lot of discussions locally how the recent overall GDP growth rate seems to be impossible, since most people, including the middle class, felt that their economic wellbeing have been deteriorating. The NSO confirms so in recent statistics that based on the 2015-2016 household surveys, at least the bottom 40% saw a reduction in their income in real value. Figure 3.5 shows once more the growth incidence curve for the short period between 2015 and 2016. Apart from the very bottom 5%, every single income group under the 85th percentile saw a lower-than-average real rate of income growth. As a result, the bottom 90% actually had a negative share of growth captured. Meanwhile the top 10% actually enjoyed the entire real increase in the national income, along with the said share from the bottom 90% (see last column in table 2.7).

With the passing of the crown, the monarchical institution lost its popularity significantly. It has been almost a century that Thai people lived under one king, and it is still unclear how the public sentiments will unfold in real political sphere. Secondly, the middle class seems to have lost its faith in the military government, as they continue to see their income decrease in recent years (see table 2.7). As a result, it can be expected that the middle class could perhaps become less anti-democratic in the near future. But these changes will take some time.

At the time of writing, more than four years have passed since the current military government led by Prayuth Chan-ocha installed itself in power through the 2014 coup d'état. It is still unclear how the dynamics of inequality will change after the military government steps down. The first post-coup elected government will have a pivotal political position nonetheless. Not only do they have to consider rewriting the constitution, but also have to make a decision on how to deal with the military dominance in the Thai politics.

Figure 3.5: Total cumulated real growth by percentile, 2015-2016 — scaled by population



Author's own calculation based on household surveys, tax tabulations, and national account. The income definition used here is the distribution of pre-tax national income (before taxes and transfer, after pensions and unemployment insurances). The unit of observation here is equal-split adult.

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## Appendix

### 1 Structure of National Income: Income Approach

Table A.1: Structure of National Income: Income Approach

(In millions Baht)

| Year | National Income |           | Household Primary Income |          |         | Corporate Primary Income |          |         | Government Primary Income |          |         |
|------|-----------------|-----------|--------------------------|----------|---------|--------------------------|----------|---------|---------------------------|----------|---------|
|      | Total           | In Euros  | Total                    | in Euros | % of NI | Total                    | In Euros | % of NI | Total                     | In Euros | % of NI |
| 1990 | 1,968,657       | 50,478.38 | 1,483,290                | 38,033   | 75.35%  | 209,988                  | 5,384    | 10.67%  | 275,379                   | 7,061.00 | 13.99%  |
| 1991 | 2,242,308       | 57,495    | 1,677,375                | 43,010   | 74.81%  | 238,940                  | 6,127    | 10.66%  | 325,993                   | 8,359    | 14.54%  |
| 1992 | 2,544,542       | 65,245    | 1,891,951                | 48,512   | 74.35%  | 298,288                  | 7,648    | 11.72%  | 354,303                   | 9,085    | 13.92%  |
| 1993 | 2,822,129       | 72,362    | 2,067,715                | 53,018   | 73.27%  | 351,757                  | 9,019    | 12.46%  | 402,657                   | 10,325   | 14.27%  |
| 1994 | 3,172,867       | 81,356    | 2,234,200                | 57,287   | 70.42%  | 465,705                  | 11,941   | 14.68%  | 472,962                   | 12,127   | 14.91%  |
| 1995 | 3,603,590       | 92,400    | 2,548,959                | 65,358   | 70.73%  | 514,216                  | 13,185   | 14.27%  | 540,415                   | 13,857   | 15.00%  |
| 1996 | 3,906,564       | 100,168   | 2,770,820                | 71,047   | 70.93%  | 514,253                  | 13,186   | 13.16%  | 621,491                   | 15,936   | 15.91%  |
| 1997 | 3,838,232       | 98,416    | 2,821,443                | 72,345   | 73.51%  | 396,826                  | 10,175   | 10.34%  | 619,963                   | 15,896   | 16.15%  |
| 1998 | 3,655,408       | 93,728    | 2,908,258                | 74,571   | 79.56%  | 208,595                  | 5,349    | 5.71%   | 538,555                   | 13,809   | 14.73%  |
| 1999 | 3,815,362       | 97,830    | 3,057,721                | 78,403   | 80.14%  | 267,544                  | 6,860    | 7.01%   | 490,097                   | 12,567   | 12.85%  |
| 2000 | 4,060,007       | 104,103   | 3,098,104                | 79,439   | 76.31%  | 481,021                  | 12,334   | 11.85%  | 480,882                   | 12,330   | 11.84%  |
| 2001 | 4,208,068       | 107,899   | 3,209,462                | 82,294   | 76.27%  | 483,716                  | 12,403   | 11.49%  | 514,890                   | 13,202   | 12.24%  |
| 2002 | 4,607,878       | 118,151   | 3,482,018                | 89,283   | 75.57%  | 546,745                  | 14,019   | 11.87%  | 579,115                   | 14,849   | 12.57%  |
| 2003 | 5,082,561       | 130,322   | 3,862,038                | 99,027   | 75.99%  | 562,709                  | 14,428   | 11.07%  | 657,814                   | 16,867   | 12.94%  |
| 2004 | 5,633,021       | 144,436   | 4,299,246                | 110,237  | 76.32%  | 651,019                  | 16,693   | 11.56%  | 682,756                   | 17,507   | 12.12%  |
| 2005 | 6,138,874       | 157,407   | 4,585,674                | 117,581  | 74.70%  | 774,769                  | 19,866   | 12.62%  | 778,431                   | 19,960   | 12.68%  |
| 2006 | 6,862,038       | 175,950   | 5,001,041                | 128,232  | 72.88%  | 966,319                  | 24,777   | 14.08%  | 894,678                   | 22,940   | 13.04%  |
| 2007 | 7,477,747       | 191,737   | 5,455,800                | 139,892  | 72.96%  | 1,136,486                | 29,141   | 15.20%  | 885,461                   | 22,704   | 11.84%  |
| 2008 | 7,889,823       | 202,303   | 5,843,417                | 149,831  | 74.06%  | 1,204,493                | 30,884   | 15.27%  | 841,913                   | 21,588   | 10.67%  |
| 2009 | 7,833,463       | 200,858   | 5,760,109                | 147,695  | 73.53%  | 1,171,775                | 30,046   | 14.96%  | 901,579                   | 23,117   | 11.51%  |
| 2010 | 8,764,597       | 224,733   | 6,312,107                | 161,849  | 72.02%  | 1,353,383                | 34,702   | 15.44%  | 1,099,106                 | 28,182   | 12.54%  |
| 2011 | 9,295,672       | 238,351   | 6,697,225                | 171,724  | 72.05%  | 1,485,368                | 38,086   | 15.98%  | 1,113,079                 | 28,540   | 11.97%  |
| 2012 | 9,832,988       | 252,128   | 7,209,233                | 184,852  | 73.32%  | 1,339,442                | 34,345   | 13.62%  | 1,284,313                 | 32,931   | 13.06%  |
| 2013 | 10,005,147      | 256,542   | 7,348,118                | 188,413  | 73.44%  | 1,299,455                | 33,319   | 12.99%  | 1,357,575                 | 34,810   | 13.57%  |
| 2014 | 10,335,409      | 265,010   | 7,622,951                | 195,460  | 73.76%  | 1,425,253                | 36,545   | 13.79%  | 1,287,205                 | 33,005   | 12.45%  |
| 2015 | 10,695,446      | 274,242   | 7,800,315                | 200,008  | 72.93%  | 1,464,720                | 37,557   | 13.69%  | 1,430,411                 | 36,677   | 13.37%  |
| 2016 | 11,370,862      | 291,561   | 8,188,882                | 209,971  | 72.02%  | 1,729,001                | 44,333   | 15.21%  | 1,452,979                 | 37,256   | 12.78%  |

### 2 The Evolution of Income Taxation and Redistributive Policies

The modern taxation system was only installed in 1932, the year of the Siamese revolution. This will be the longer project. To date, there are around 2000 laws regarding the Thai taxation system.

1. 1 main revenue code
2. 594 royal decrees

Table A.2: Evolution of PIT Scheme

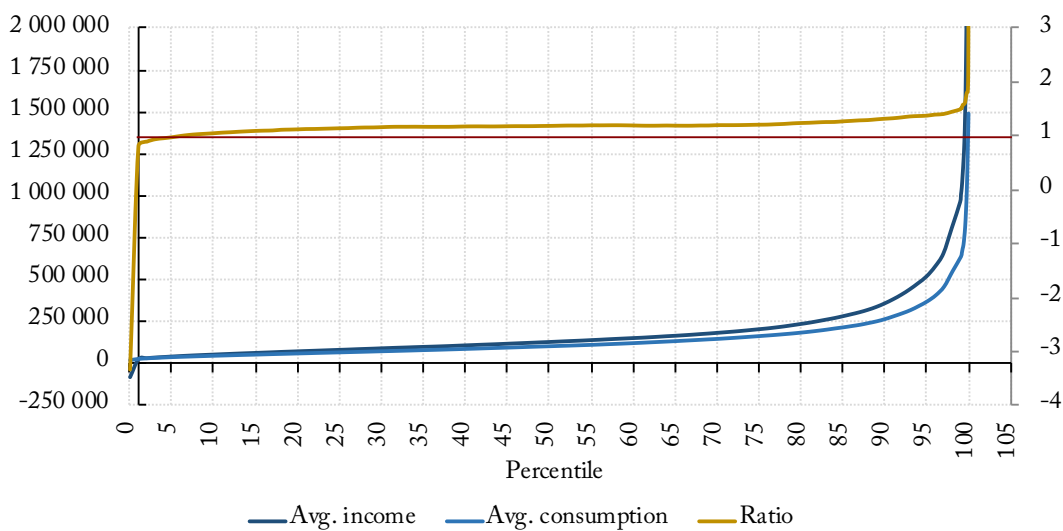
| 1982 - 1985           |          | 1986 - 1988           |          | 1989 - 1991           |          |
|-----------------------|----------|-----------------------|----------|-----------------------|----------|
| Net Income Bracket    | Tax Rate | Net Income Bracket    | Tax Rate | Net Income Bracket    | Tax Rate |
| 0 - 30,000            | 7%       | 0 - 40,000            | 7%       | 0 - 50,000            | 5%       |
| 30,001 - 60,000       | 10%      | 40,001 - 90,000       | 10%      | 50,001 - 200,000      | 10%      |
| 60,001 - 100,000      | 13%      | 90,001 - 150,000      | 15%      | 200,001 - 500,000     | 20%      |
| 100,001 - 150,000     | 17%      | 150,001 - 220,000     | 20%      | 500,001 - 1,000,000   | 30%      |
| 150,001 - 200,000     | 22%      | 220,001 - 300,000     | 25%      | 1,000,001 - 2,000,000 | 40%      |
| 200,001 - 270,000     | 28%      | 300,001 - 400,000     | 30%      | > 2,000,000           | 50%      |
| 270,001 - 350,000     | 35%      | 400,001 - 550,000     | 35%      |                       |          |
| 350,001 - 450,000     | 40%      | 550,001 - 750,000     | 40%      |                       |          |
| 450,001 - 600,000     | 45%      | 751,001 - 1,000,000   | 45%      |                       |          |
| 600,001 - 800,000     | 50%      | 1,000,001 - 2,000,000 | 50%      |                       |          |
| 800,001 - 1,000,000   | 55%      | > 2,000,000           | 55%      |                       |          |
| 1,000,001 - 2,000,000 | 60%      |                       |          |                       |          |
| > 2,000,000           | 65%      |                       |          |                       |          |
| 1992 - 2012           |          | 2013 - 2016           |          | 2017 - today          |          |
| Net Income Bracket    | Tax Rate | Net Income Bracket    | Tax Rate | Net Income Bracket    | Tax Rate |
| 0 - 100,000           | 5%       | 0 - 150,000           | 0%       | 0 - 150,000           | 0%       |
| 100,001 - 500,000     | 10%      | 150,001 - 300,000     | 5%       | 150,001 - 300,000     | 5%       |
| 500,001 - 1,000,000   | 20%      | 300,001 - 500,000     | 10%      | 300,001 - 500,000     | 10%      |
| 1,000,001 - 4,000,000 | 30%      | 500,001 - 750,000     | 15%      | 500,001 - 750,000     | 15%      |
| > 4,000,000           | 37%      | 750,001 - 1,000,000   | 20%      | 750,001 - 1,000,000   | 20%      |
|                       |          | 1,000,001 - 2,000,000 | 25%      | 1,000,001 - 2,000,000 | 25%      |
|                       |          | 2,000,001 - 4,000,000 | 30%      | 2,000,001 - 5,000,000 | 30%      |
|                       |          | > 4,000,000           | 35%      | > 5,000,000           | 35%      |

3. 308 ministerial regulations
4. 78 official announcement from the Ministry of Finance
5. 47 official announcement from Revenue Department
6. 400 revenue department code
7. 632 announcement from the Director-General of the Revenue Department

To have all information on the PIT rate and exemptions, 194 of these needs to be studied.

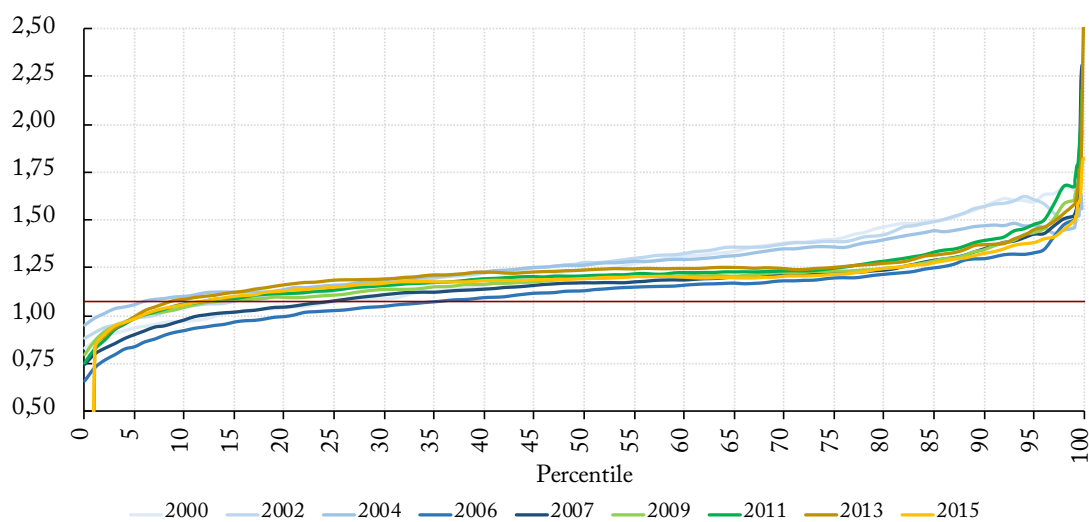
### 3 Income Imputation from Expenditure

Figure A.1: Income and consumption by percentile from 2013 SES data



Source: author's own computation based on household surveys.

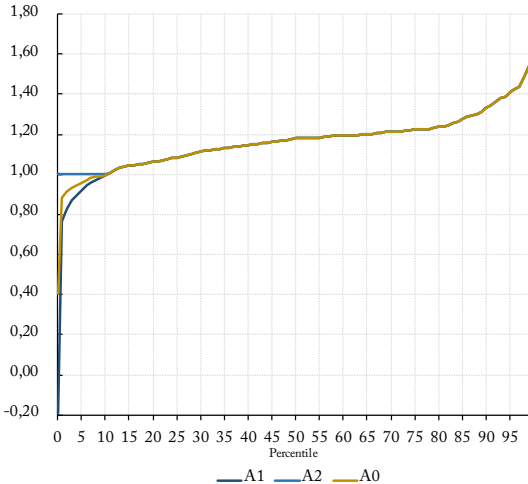
Figure A.2: Income-consumption ratios from SES data



Source: author's own computation based on household surveys.

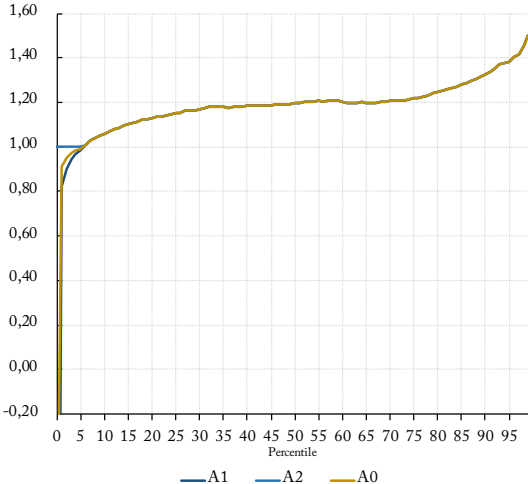
Figure A.3: Theoretical Income-consumption ratios from SES data

(a) 2003



Source: author's own computation based on SES data

(b) 2014



Source: author's own computation based on SES data

### 3. Income Imputation from Expenditure

#### Table A.3: Income-consumption ratios — Strategy A0-A2

| Scenario A1 |         |         |         |         |         | Scenario A2 |        |        |        |        |        | Scenario A0 |        |         |         |         |         |
|-------------|---------|---------|---------|---------|---------|-------------|--------|--------|--------|--------|--------|-------------|--------|---------|---------|---------|---------|
| p           | 2008    | 2010    | 2012    | 2014    | 2016    | p           | 2008   | 2010   | 2012   | 2014   | 2016   | p           | 2008   | 2010    | 2012    | 2014    | 2016    |
| 0           | -0.1932 | -1.2227 | -4.5574 | -5.2708 | -3.3217 | 0           | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 0           | 0.4034 | -0.1113 | -1.7787 | -2.1354 | -1.1608 |
| 1           | 0.7668  | 0.7734  | 0.7871  | 0.8215  | 0.8218  | 1           | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1           | 0.8834 | 0.8867  | 0.8935  | 0.9108  | 0.9109  |
| 2           | 0.8304  | 0.8460  | 0.8577  | 0.8963  | 0.9028  | 2           | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 2           | 0.9152 | 0.9230  | 0.9289  | 0.9481  | 0.9514  |
| 3           | 0.8699  | 0.8934  | 0.9024  | 0.9405  | 0.9480  | 3           | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 3           | 0.9349 | 0.9467  | 0.9512  | 0.9702  | 0.9740  |
| 4           | 0.8954  | 0.9340  | 0.9438  | 0.9640  | 0.9665  | 4           | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 4           | 0.9477 | 0.9670  | 0.9719  | 0.9820  | 0.9833  |
| 5           | 0.9192  | 0.9586  | 0.9739  | 0.9887  | 0.9851  | 5           | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 5           | 0.9596 | 0.9793  | 0.9869  | 0.9944  | 0.9925  |
| 6           | 0.9436  | 0.9877  | 1.0045  | 1.0162  | 1.0083  | 6           | 1.0000 | 1.0000 | 1.0045 | 1.0162 | 1.0083 | 6           | 0.9718 | 0.9938  | 1.0045  | 1.0162  | 1.0083  |
| 7           | 0.9607  | 1.0043  | 1.0231  | 1.0347  | 1.0270  | 7           | 1.0000 | 1.0043 | 1.0231 | 1.0347 | 1.0270 | 7           | 0.9803 | 1.0043  | 1.0231  | 1.0347  | 1.0270  |
| 8           | 0.9734  | 1.0148  | 1.0399  | 1.0507  | 1.0403  | 8           | 1.0000 | 1.0148 | 1.0399 | 1.0507 | 1.0403 | 8           | 0.9867 | 1.0148  | 1.0399  | 1.0507  | 1.0403  |
| 9           | 0.9808  | 1.0261  | 1.0556  | 1.0636  | 1.0494  | 9           | 1.0000 | 1.0261 | 1.0556 | 1.0636 | 1.0494 | 9           | 0.9904 | 1.0261  | 1.0556  | 1.0636  | 1.0494  |
| 10          | 0.9930  | 1.0385  | 1.0664  | 1.0711  | 1.0592  | 10          | 1.0000 | 1.0385 | 1.0664 | 1.0711 | 1.0592 | 10          | 0.9965 | 1.0385  | 1.0664  | 1.0711  | 1.0592  |
| 11          | 1.0077  | 1.0510  | 1.0765  | 1.0813  | 1.0704  | 11          | 1.0077 | 1.0510 | 1.0765 | 1.0813 | 1.0704 | 11          | 1.0077 | 1.0510  | 1.0765  | 1.0813  | 1.0704  |
| 12          | 1.0225  | 1.0601  | 1.0825  | 1.0882  | 1.0778  | 12          | 1.0225 | 1.0601 | 1.0825 | 1.0882 | 1.0778 | 12          | 1.0225 | 1.0601  | 1.0825  | 1.0882  | 1.0778  |
| 13          | 1.0321  | 1.0699  | 1.0897  | 1.0958  | 1.0874  | 13          | 1.0321 | 1.0699 | 1.0897 | 1.0958 | 1.0874 | 13          | 1.0321 | 1.0699  | 1.0897  | 1.0958  | 1.0874  |
| 14          | 1.0384  | 1.0778  | 1.0993  | 1.1043  | 1.0953  | 14          | 1.0384 | 1.0778 | 1.0993 | 1.1043 | 1.0953 | 14          | 1.0384 | 1.0778  | 1.0993  | 1.1043  | 1.0953  |
| 15          | 1.0441  | 1.0828  | 1.1043  | 1.1111  | 1.1025  | 15          | 1.0441 | 1.0828 | 1.1043 | 1.1111 | 1.1025 | 15          | 1.0441 | 1.0828  | 1.1043  | 1.1111  | 1.1025  |
| 16          | 1.0477  | 1.0850  | 1.1076  | 1.1166  | 1.1071  | 16          | 1.0477 | 1.0850 | 1.1076 | 1.1166 | 1.1071 | 16          | 1.0477 | 1.0850  | 1.1076  | 1.1166  | 1.1071  |
| 17          | 1.0510  | 1.0891  | 1.1165  | 1.1234  | 1.1106  | 17          | 1.0510 | 1.0891 | 1.1165 | 1.1234 | 1.1106 | 17          | 1.0510 | 1.0891  | 1.1165  | 1.1234  | 1.1106  |
| 18          | 1.0542  | 1.0951  | 1.1243  | 1.1328  | 1.1230  | 18          | 1.0542 | 1.0951 | 1.1243 | 1.1328 | 1.1230 | 18          | 1.0542 | 1.0951  | 1.1243  | 1.1328  | 1.1230  |
| 19          | 1.0597  | 1.0989  | 1.1311  | 1.1268  | 1.1139  | 19          | 1.0597 | 1.0989 | 1.1311 | 1.1268 | 1.1139 | 19          | 1.0597 | 1.0989  | 1.1311  | 1.1268  | 1.1139  |
| 20          | 1.0669  | 1.1043  | 1.1366  | 1.1451  | 1.1312  | 20          | 1.0669 | 1.1043 | 1.1366 | 1.1451 | 1.1312 | 20          | 1.0669 | 1.1043  | 1.1366  | 1.1451  | 1.1312  |
| 21          | 1.0667  | 1.1039  | 1.1404  | 1.1512  | 1.1369  | 21          | 1.0667 | 1.1039 | 1.1404 | 1.1512 | 1.1369 | 21          | 1.0667 | 1.1039  | 1.1404  | 1.1512  | 1.1369  |
| 22          | 1.0691  | 1.1039  | 1.1439  | 1.1547  | 1.1383  | 22          | 1.0691 | 1.1039 | 1.1439 | 1.1547 | 1.1383 | 22          | 1.0691 | 1.1039  | 1.1439  | 1.1547  | 1.1383  |
| 23          | 1.0740  | 1.1066  | 1.1462  | 1.1574  | 1.1426  | 23          | 1.0740 | 1.1066 | 1.1462 | 1.1574 | 1.1426 | 23          | 1.0740 | 1.1066  | 1.1462  | 1.1574  | 1.1426  |
| 24          | 1.0798  | 1.1121  | 1.1522  | 1.1624  | 1.1467  | 24          | 1.0798 | 1.1121 | 1.1522 | 1.1624 | 1.1467 | 24          | 1.0798 | 1.1121  | 1.1522  | 1.1624  | 1.1467  |
| 25          | 1.0844  | 1.1152  | 1.1560  | 1.1673  | 1.1513  | 25          | 1.0844 | 1.1152 | 1.1560 | 1.1673 | 1.1513 | 25          | 1.0844 | 1.1152  | 1.1560  | 1.1673  | 1.1513  |
| 26          | 1.0895  | 1.1190  | 1.1590  | 1.1695  | 1.1541  | 26          | 1.0895 | 1.1190 | 1.1590 | 1.1695 | 1.1541 | 26          | 1.0895 | 1.1190  | 1.1590  | 1.1695  | 1.1541  |
| 27          | 1.0953  | 1.1243  | 1.1622  | 1.1731  | 1.1611  | 27          | 1.0953 | 1.1243 | 1.1622 | 1.1731 | 1.1611 | 27          | 1.0953 | 1.1243  | 1.1622  | 1.1731  | 1.1611  |
| 28          | 1.1034  | 1.1321  | 1.1663  | 1.1759  | 1.1654  | 28          | 1.1034 | 1.1321 | 1.1663 | 1.1759 | 1.1654 | 28          | 1.1034 | 1.1321  | 1.1663  | 1.1759  | 1.1654  |
| 29          | 1.1101  | 1.1373  | 1.1682  | 1.1768  | 1.1665  | 29          | 1.1101 | 1.1373 | 1.1682 | 1.1768 | 1.1665 | 29          | 1.1101 | 1.1373  | 1.1682  | 1.1768  | 1.1665  |
| 30          | 1.1155  | 1.1419  | 1.1712  | 1.1805  | 1.1716  | 30          | 1.1155 | 1.1419 | 1.1712 | 1.1805 | 1.1716 | 30          | 1.1155 | 1.1419  | 1.1712  | 1.1805  | 1.1716  |
| 31          | 1.1204  | 1.1457  | 1.1746  | 1.1846  | 1.1770  | 31          | 1.1204 | 1.1457 | 1.1746 | 1.1846 | 1.1770 | 31          | 1.1204 | 1.1457  | 1.1746  | 1.1846  | 1.1770  |
| 32          | 1.1231  | 1.1473  | 1.1789  | 1.1884  | 1.1790  | 32          | 1.1231 | 1.1473 | 1.1789 | 1.1884 | 1.1790 | 32          | 1.1231 | 1.1473  | 1.1789  | 1.1884  | 1.1790  |
| 33          | 1.1258  | 1.1500  | 1.1826  | 1.1895  | 1.1788  | 33          | 1.1258 | 1.1500 | 1.1826 | 1.1895 | 1.1788 | 33          | 1.1258 | 1.1500  | 1.1826  | 1.1895  | 1.1788  |
| 34          | 1.1274  | 1.1521  | 1.1872  | 1.1931  | 1.1797  | 34          | 1.1274 | 1.1521 | 1.1872 | 1.1931 | 1.1797 | 34          | 1.1274 | 1.1521  | 1.1872  | 1.1931  | 1.1797  |
| 35          | 1.1305  | 1.1554  | 1.1901  | 1.1945  | 1.1782  | 35          | 1.1305 | 1.1554 | 1.1901 | 1.1945 | 1.1782 | 35          | 1.1305 | 1.1554  | 1.1901  | 1.1945  | 1.1782  |
| 36          | 1.1337  | 1.1605  | 1.1915  | 1.1937  | 1.1774  | 36          | 1.1337 | 1.1605 | 1.1915 | 1.1937 | 1.1774 | 36          | 1.1337 | 1.1605  | 1.1915  | 1.1937  | 1.1774  |
| 37          | 1.1359  | 1.1615  | 1.1939  | 1.1958  | 1.1780  | 37          | 1.1359 | 1.1615 | 1.1939 | 1.1958 | 1.1780 | 37          | 1.1359 | 1.1615  | 1.1939  | 1.1958  | 1.1780  |
| 38          | 1.1398  | 1.1651  | 1.1975  | 1.1778  | 1.1778  | 38          | 1.1398 | 1.1651 | 1.1975 | 1.1778 | 1.1778 | 38          | 1.1398 | 1.1651  | 1.1975  | 1.1778  | 1.1778  |
| 39          | 1.1448  | 1.1713  | 1.2034  | 1.2024  | 1.1811  | 39          | 1.1448 | 1.1713 | 1.2034 | 1.2024 | 1.1811 | 39          | 1.1448 | 1.1713  | 1.2034  | 1.2024  | 1.1811  |
| 40          | 1.1462  | 1.1744  | 1.2064  | 1.2045  | 1.1848  | 40          | 1.1462 | 1.1744 | 1.2064 | 1.2045 | 1.1848 | 40          | 1.1462 | 1.1744  | 1.2064  | 1.2045  | 1.1848  |
| 41          | 1.1485  | 1.1768  | 1.2083  | 1.2053  | 1.1862  | 41          | 1.1485 | 1.1768 | 1.2083 | 1.2053 | 1.1862 | 41          | 1.1485 | 1.1768  | 1.2083  | 1.2053  | 1.1862  |
| 42          | 1.1523  | 1.1800  | 1.2072  | 1.2031  | 1.1860  | 42          | 1.1523 | 1.1800 | 1.2072 | 1.2031 | 1.1860 | 42          | 1.1523 | 1.1800  | 1.2072  | 1.2031  | 1.1860  |
| 43          | 1.1551  | 1.1817  | 1.2083  | 1.2021  | 1.1849  | 43          | 1.1551 | 1.1817 | 1.2083 | 1.2021 | 1.1849 | 43          | 1.1551 | 1.1817  | 1.2083  | 1.2021  | 1.1849  |
| 44          | 1.1576  | 1.1846  | 1.2118  | 1.2045  | 1.1860  | 44          | 1.1576 | 1.1846 | 1.2118 | 1.2045 | 1.1860 | 44          | 1.1576 | 1.1846  | 1.2118  | 1.2045  | 1.1860  |
| 45          | 1.1608  | 1.1872  | 1.2144  | 1.2072  | 1.1887  | 45          | 1.1608 | 1.1872 | 1.2144 | 1.2072 | 1.1887 | 45          | 1.1608 | 1.1872  | 1.2144  | 1.2072  | 1.1887  |
| 46          | 1.1645  | 1.1885  | 1.2157  | 1.2092  | 1.1903  | 46          | 1.1645 | 1.1885 | 1.2157 | 1.2092 | 1.1903 | 46          | 1.1645 | 1.1885  | 1.2157  | 1.2092  | 1.1903  |
| 47          | 1.1694  | 1.1900  | 1.2152  | 1.2095  | 1.1900  | 47          | 1.1694 | 1.1900 | 1.2152 | 1.2095 | 1.1900 | 47          | 1.1694 | 1.1900  | 1.2152  | 1.2095  | 1.1900  |
| 48          | 1.1729  | 1.1942  | 1.2190  | 1.2114  | 1.1907  | 48          | 1.1729 | 1.1942 | 1.2190 | 1.2114 | 1.1907 | 48          | 1.1729 | 1.1942  | 1.2190  | 1.2114  | 1.1907  |
| 49          | 1.1771  | 1.1967  | 1.2197  | 1.2134  | 1.1934  | 49          | 1.1771 | 1.1967 | 1.2197 | 1.2134 | 1.1934 | 49          | 1.1771 | 1.1967  | 1.2197  | 1.2134  | 1.1934  |
| 50          | 1.1794  | 1.1984  | 1.2210  | 1.2157  | 1.1950  | 50          | 1.1794 | 1.1984 | 1.2210 | 1.2157 | 1.1950 | 50          | 1.1794 | 1.1984  | 1.2210  | 1.2157  | 1.1950  |
| 51          | 1.1811  | 1.2002  | 1.2234  | 1.2187  | 1.1980  | 51          | 1.1811 | 1.2002 | 1.2234 | 1.2187 | 1.1980 | 51          | 1.1811 | 1.2002  | 1.2234  | 1.2187  | 1.1980  |
| 52          | 1.1809  | 1.2017  | 1.2257  | 1.2213  | 1.2013  | 52          | 1.1809 | 1.2017 | 1.2257 | 1.2213 | 1.2013 | 52          | 1.1809 | 1.2017  | 1.2257  | 1.2213  | 1.2013  |
| 53          | 1.1818  | 1.2022  | 1.2272  | 1.2227  | 1.2019  | 53          | 1.1818 | 1.2022 | 1.2272 | 1.2227 | 1.2019 | 53          | 1.1818 | 1.2022  | 1.2272  | 1.2227  | 1.2019  |
| 54          | 1.1826  | 1.2044  | 1.2279  | 1.2224  | 1.2021  | 54          | 1.1826 | 1.2044 | 1.2279 | 1.2224 | 1.2021 | 54          | 1.1826 | 1.2044  | 1.2279  | 1.2224  | 1.2021  |
| 55          | 1.1839  | 1.2059  | 1.2276  | 1.2240  | 1.2059  | 55          | 1.1839 | 1.2059 | 1.2276 | 1.2240 | 1.2059 | 55          | 1.1839 | 1.2059  | 1.2276  | 1.2240  | 1.2059  |
| 56          | 1.1882  | 1.2103  | 1.2312  | 1.2251  | 1.2054  | 56          | 1.1882 | 1.2103 | 1.2312 | 1.2251 | 1.2054 | 56          | 1.1882 | 1.2103  | 1.2312  | 1.2251  | 1.2054  |
| 57          | 1.1899  | 1.2116  | 1.2317  | 1.2251  | 1.2066  | 57          | 1.1899 | 1.2116 | 1.2317 | 1.2251 | 1.2066 | 57          | 1.1899 | 1.2116  | 1.2317  | 1.2251  | 1.2066  |
| 58          | 1.1922  | 1.2097  | 1.2296  | 1.2250  | 1.2073  | 58          | 1.1922 | 1.2097 | 1.2296 | 1.2250 | 1.2073 | 58          | 1.1922 | 1.2097  | 1.2296  | 1.2250  | 1.2073  |
| 59          | 1.1926  | 1.2093  | 1.2302  | 1.2247  | 1.2058  | 59          | 1.1926 | 1.2093 | 1.2302 | 1.2247 | 1.2058 | 59          | 1.1926 | 1.2093  | 1.2302  | 1.2247  | 1.2058  |
| 60          | 1.1933  | 1.2126  | 1.2337  | 1.2238  | 1.2032  | 60          | 1.1933 | 1.2126 | 1.2337 | 1.2238 | 1.2032 | 60          | 1.1933 | 1.2126  | 1.2337  | 1.2238  | 1.2032  |
| 61          | 1.1941  | 1.2146  | 1.2342  | 1.2217  | 1.1996  | 61          | 1.1941 | 1.2146 | 1.2342 | 1.2217 | 1.1996 | 61          | 1.1941 | 1.2146  | 1.2342  | 1.2217  | 1.1996  |
| 62          | 1.1967  | 1.2152  | 1.2349  | 1.2221  | 1.1983  | 62          | 1.1967 | 1.2152 | 1.2349 | 1.2221 | 1.1983 | 62          | 1.1967 | 1.2152  | 1.2349  | 1.2221  | 1.1983  |
|             |         |         |         |         |         |             |        |        |        |        |        |             |        |         |         |         |         |

## 4 Scenarios for Combining Distributions from Survey and Tax Data

Figure A.4: Comparing tax and survey distribution at the top

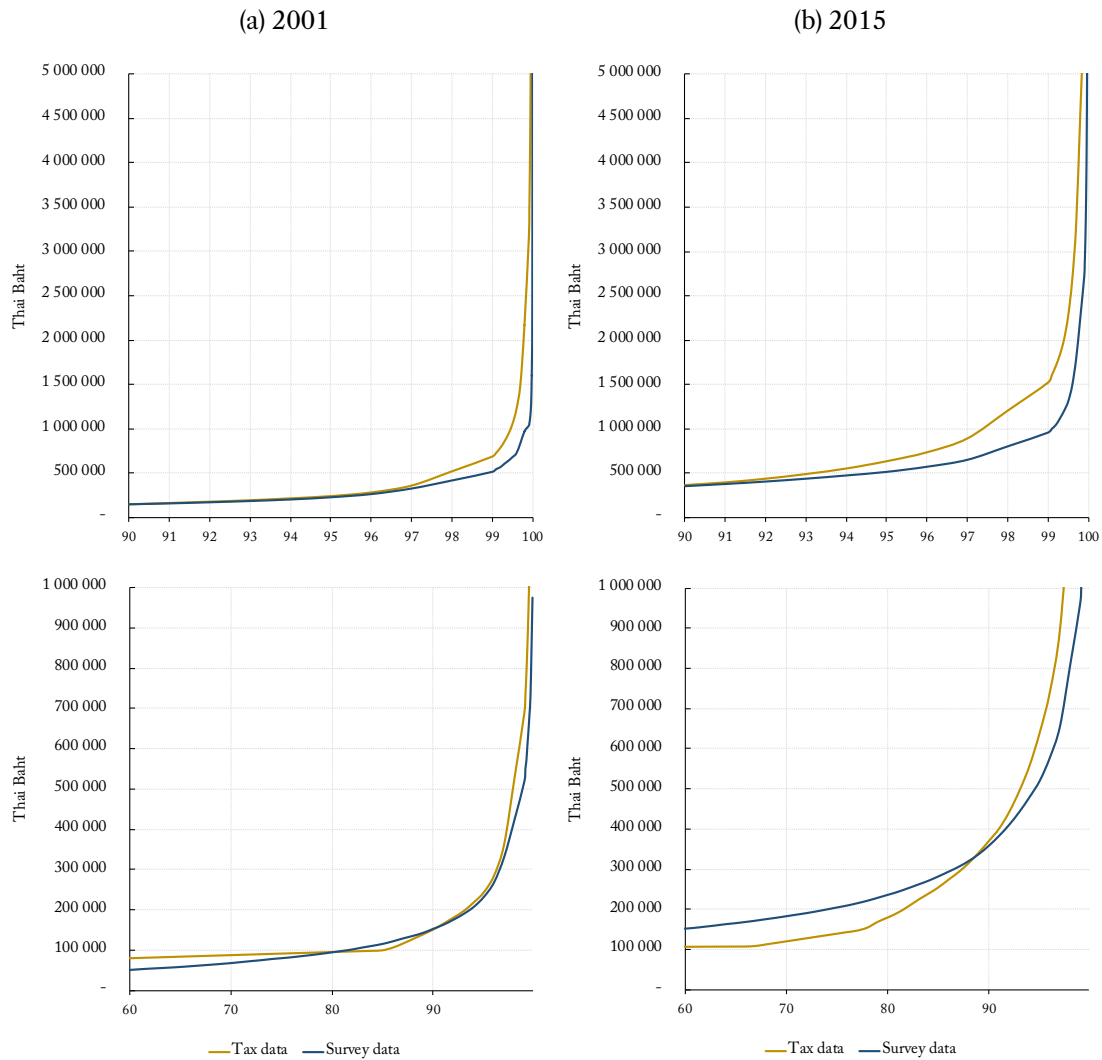
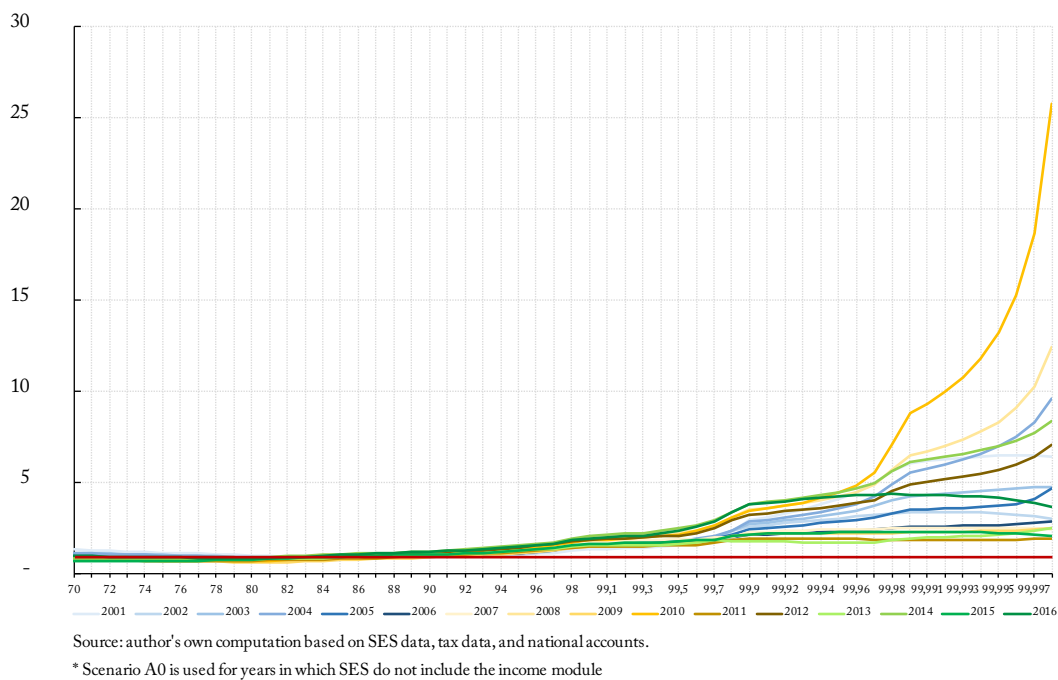


Figure A.5: Ratio between income estimated using tax and survey data



## 5 Distribution of fiscal income, 2001-2016

Figure A.6: Bottom 50% income share in Thailand: 2001-2016

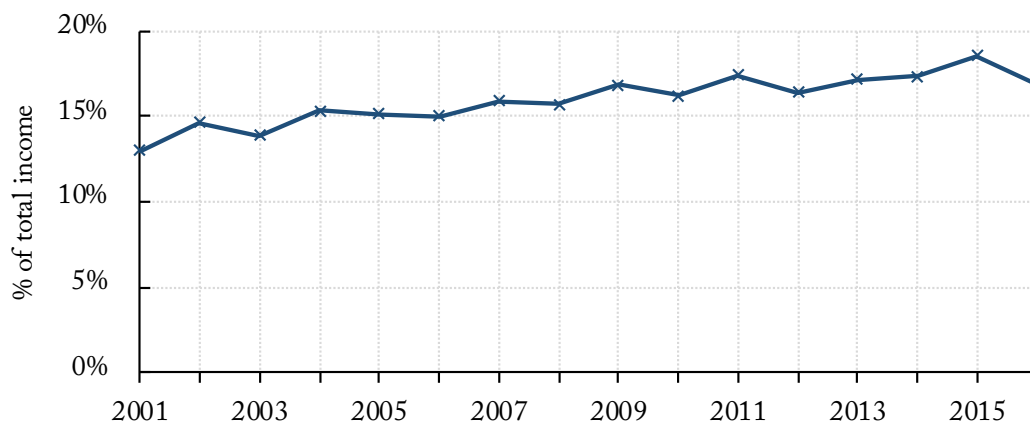




Figure A.7: Top 10% and middle 40% income share in Thailand: 2001-2016

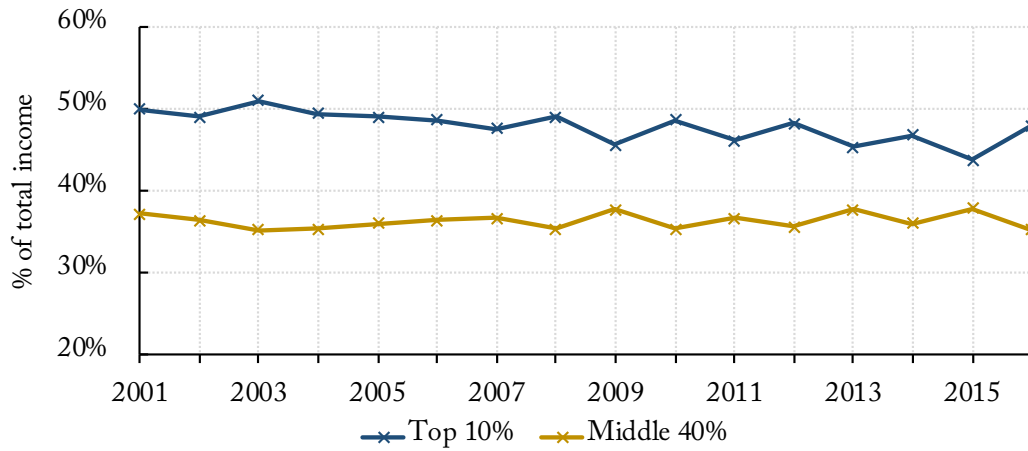


Figure A.8: Top 1% income share in Thailand: 2001-2016

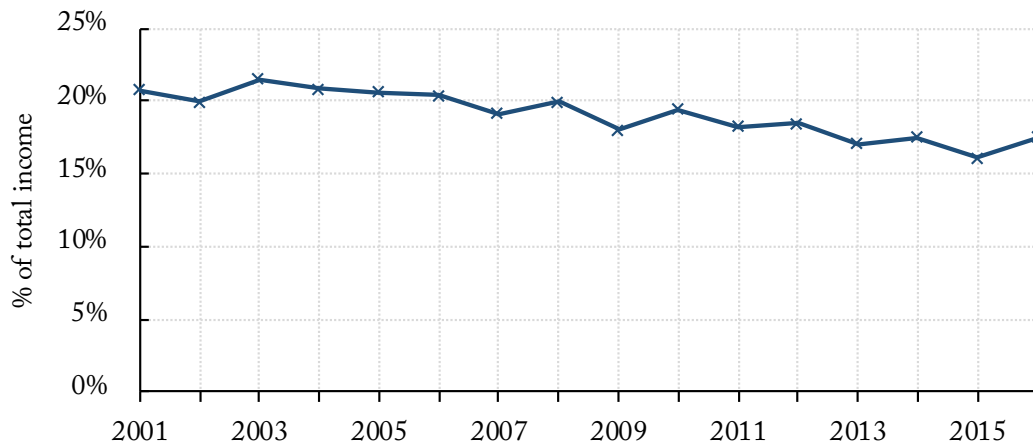


Figure A.9: Top 0.1% income share in Thailand: 2001-2016

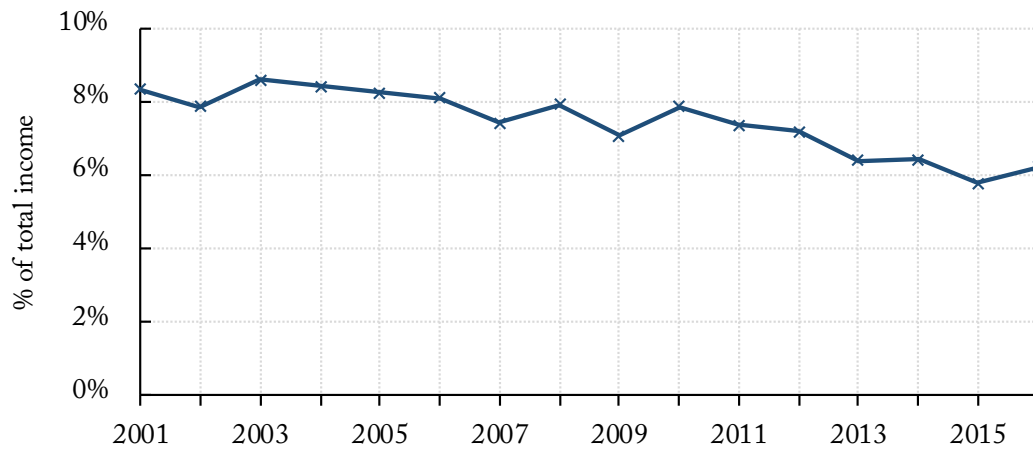


Figure A.10: Top 0.01% income share in Thailand: 2001-2016

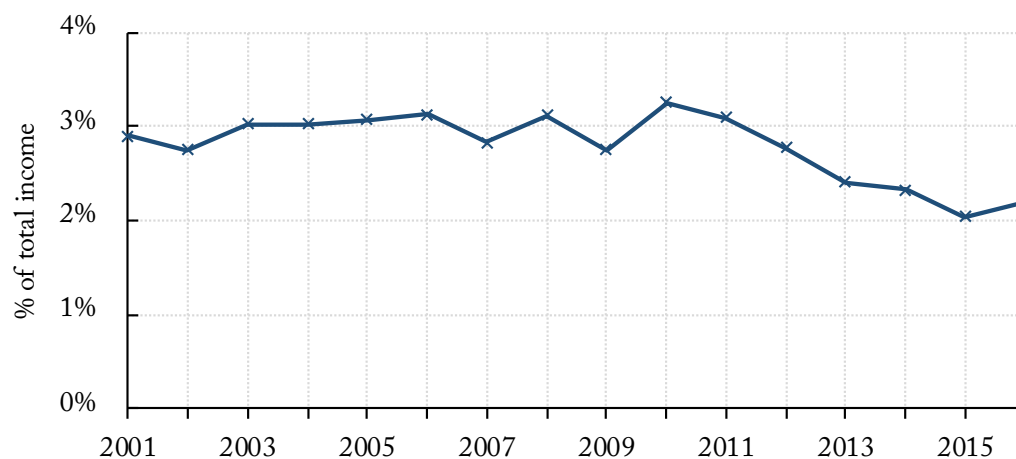
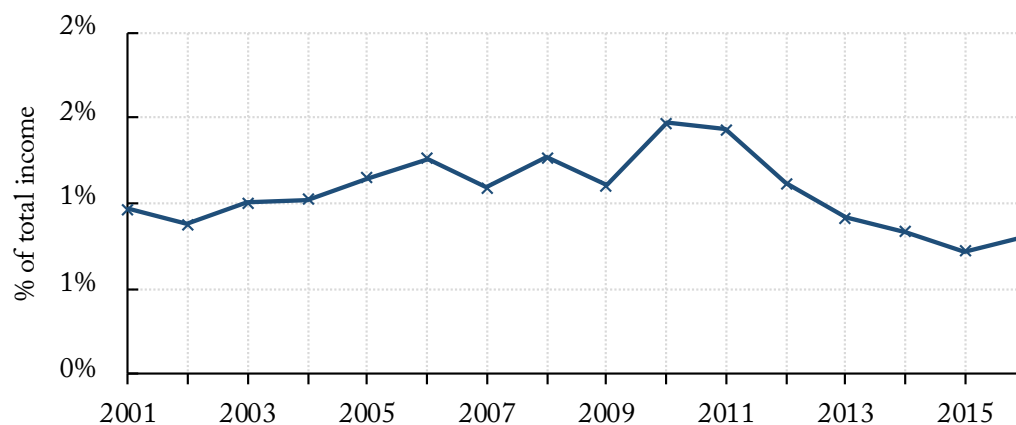


Figure A.11: Top 0.001% income share in Thailand: 2001-2016



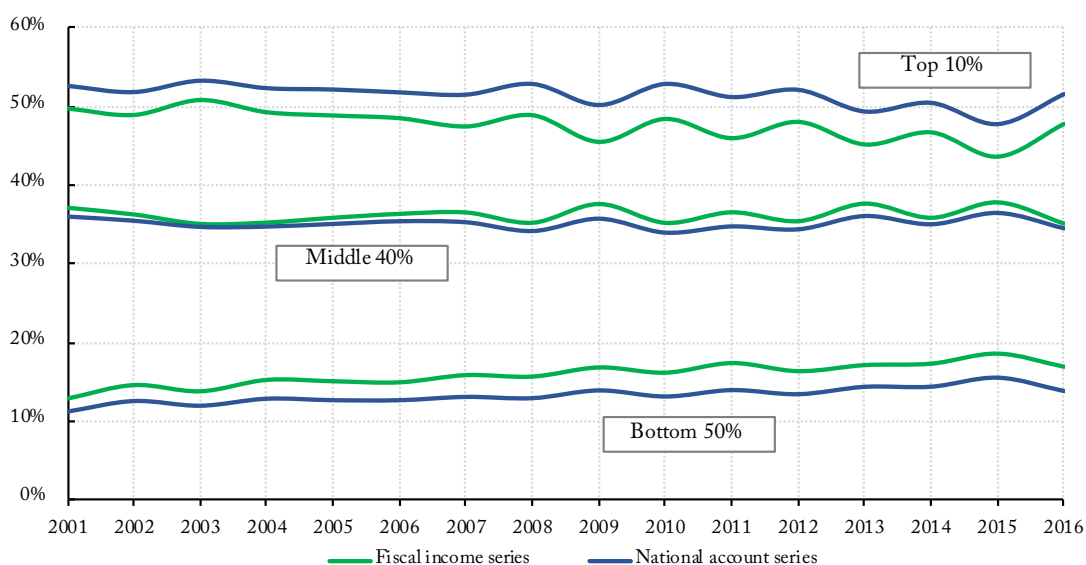
Source: author's own computation based on SES data, tax data, and national accounts.

## 6 DINA upgrade

Table A.4: Decomposing national income and comparing to tax and survey data

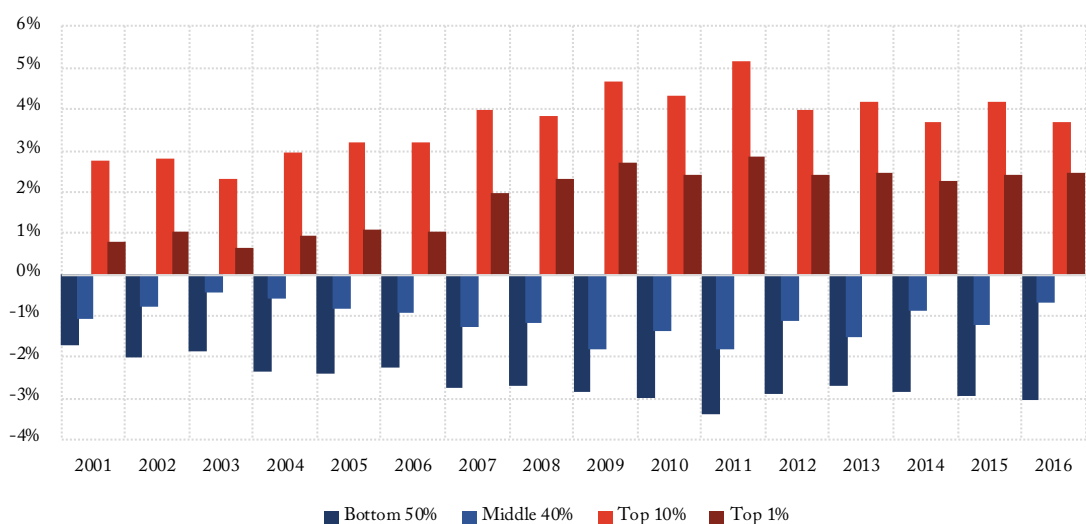
|   | 2009              |         | 2011              |         | 2013              |         | 2015              |         |
|---|-------------------|---------|-------------------|---------|-------------------|---------|-------------------|---------|
|   | Million Thai Baht | % of NI | Million Thai Baht | % of NI | Million Thai Baht | % of NI | Million Thai Baht | % of NI |
| <b>National Income</b>                            | 7,833,463         | 100%    | 9,295,672         | 100%    | 10,005,147        | 100%    | 10,695,446        | 100%    |
| <b>Household Fiscal Income</b>                    |                   |         |                   |         |                   |         |                   |         |
| Wages and Salaries                                | 5,672,229         | 72.41%  | 6,574,625         | 70.73%  | 7,236,426         | 72.33%  | 7,649,801         | 71.52%  |
| Social Security Benefits in Cash                  | 3,825,298         | 48.83%  | 4,441,115         | 47.78%  | 4,878,881         | 48.76%  | 5,509,451         | 51.51%  |
| Survey Tax  | 3,046,060         | 38.89%  | 3,530,293         | 37.98%  | 4,067,604         | 40.66%  | 4,556,523         | 42.60%  |
| Wages and Salaries                                | 2,682,329         | 34.24%  | 3,033,299         | 32.63%  | 3,600,119         | 35.98%  | 4,021,266         | 37.60%  |
| Social Security Benefits in Cash                  | 256,223           | 3.27%   | 275,045           | 2.96%   | 330,096           | 3.30%   | 376,032           | 3.52%   |
| Survey Tax  | 2,166,906         | 27.66%  | 2,436,551         | 26.21%  | 2,758,388         | 27.57%  | 3,410,729         | 31.89%  |
| Mixed income                                      | 2,126,769         | 27.15%  | 2,468,266         | 26.55%  | 2,984,563         | 29.83%  | 3,381,947         | 31.62%  |
| Mixed income                                      | 2,337,435         | 29.84%  | 2,812,244         | 30.25%  | 2,664,142         | 26.63%  | 2,543,017         | 23.78%  |
| Survey Tax  | 1,580,815         | 20.18%  | 1,891,180         | 20.34%  | 2,039,762         | 20.39%  | 1,993,467         | 18.64%  |
| Net Property income                               | 787,904           | 10.06%  | 909,319           | 9.78%   | 918,915           | 9.18%   | 1,006,749         | 9.41%   |
| Net Property income                               | 396,242           | 5.06%   | 454,037           | 4.88%   | 642,069           | 6.42%   | 709,486           | 6.63%   |
| Survey Tax  | 77,577            | 0.99%   | 113,384           | 1.22%   | 80,731            | 0.81%   | 105,255           | 0.98%   |
| Imputed Rent                                      | 131,386           | 1.68%   | 152,709           | 1.64%   | 164,125           | 1.64%   | 167,827           | 1.57%   |
| Imputed Rent                                      | 53,416            | 0.68%   | 58,739            | 0.63%   | 68,161            | 0.68%   | 65,114            | 0.61%   |
| Survey  | 401,100           | 5.12%   | 431,685           | 4.64%   | 467,772           | 4.68%   | 569,240           | 5.32%   |
| Undistributed Corporate Profit                    | 1,362,185         | 17.39%  | 1,848,648         | 19.89%  | 1,613,080         | 16.12%  | 1,663,526         | 15.55%  |
| Inv. inc. payable to pension entitlement          | 21,534            | 0.27%   | 22,352            | 0.24%   | 29,400            | 0.29%   | 31,710            | 0.30%   |
| Government factor capital income                  | -9,032            | -0.12%  | 5,941             | 0.06%   | 17,698            | 0.18%   | 25,587            | 0.24%   |
| Inv. Inc. attributable to insurance policyholders | 177,665           | 2.27%   | 197,138           | 2.12%   | 207,476           | 2.07%   | 251,496           | 2.35%   |

Figure A.12: Top 10%, Middle 40%, and Bottom 50% income share in Thailand, 2001-2016 — fiscal vs. national income series



Author's own calculation based on household surveys, tax tabulations, and national account. The income definition used here is the distribution of pre-tax national income (before taxes and transfer, after pensions and unemployment insurances). The unit of observation here is equal-split adult.

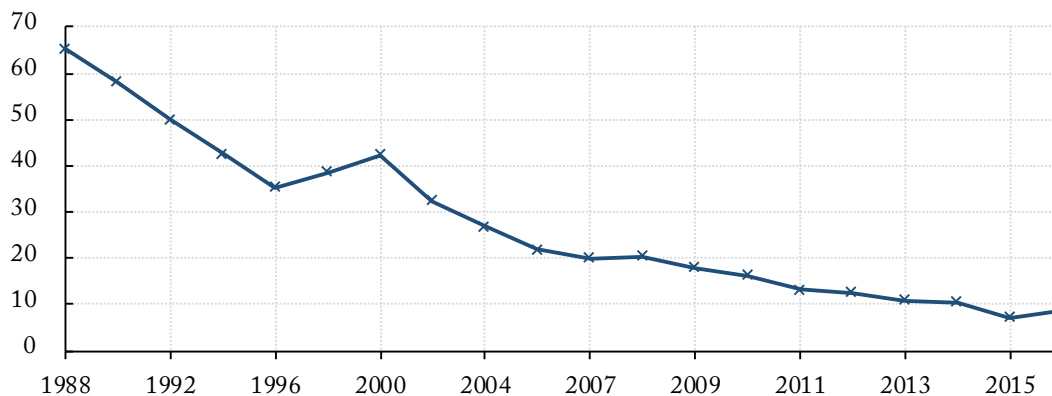
Figure A.13: Top 10%, Middle 40%, and Bottom 50% income share in Thailand, 2001-2016 — Difference between fiscal vs. national income series



Author's own calculation based on household surveys, tax tabulations, and national account. The income definition used here is the distribution of pre-tax national income (before taxes and transfer, after pensions and unemployment insurances). The unit of observation here is equal-split adult.

## 7 Political economy discussions

Figure A.14: Poverty rate: 1988-2016



Source: NESDB — calculated using NSO's household surveys. The poverty rate is calculated based on year-specific poverty lines based on expenditure.

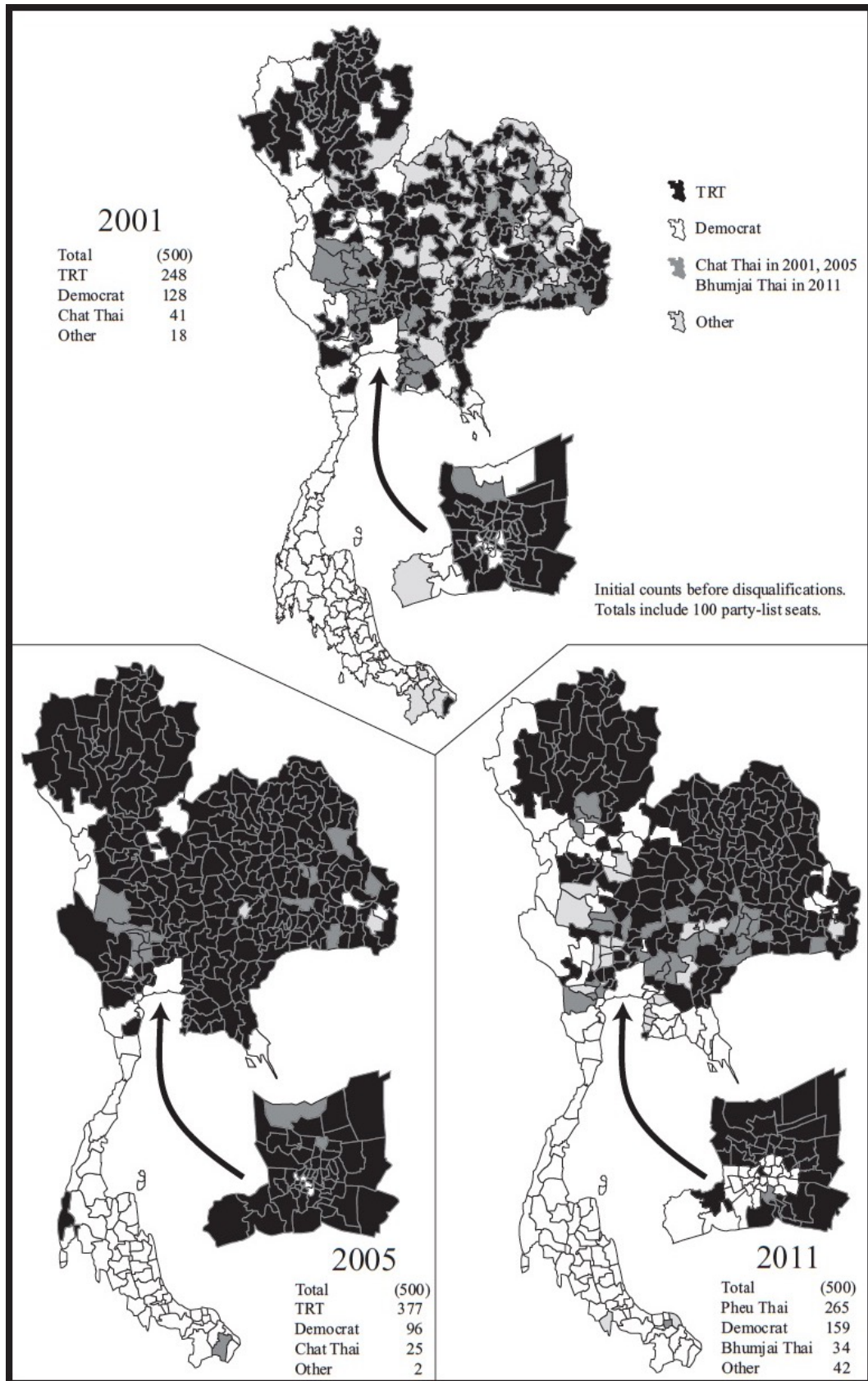
### 7.1 The Political Timeline of Thailand

The next two pages provide a very simplified version of the Thai political history from the Siamese revolution in 1932 up until today. The red rows represent the years in which one or more coup d'état took place.

| Year | Monarch                              | The Prime Minister  | The Constitution  | Main events   |
|------|--------------------------------------|---|---|---|
| 1932 | <b>King Rama VII</b><br>(1926-1935)  | Phraya Manopakorn Nititada  | I. The 1932 Temporary Charter<br><b>II. The 1932 Constitution</b> | 24 June –Khana Ratsadon staged the Siamese Revolution   |
| 1933 |                                      |   |   | 1 April – First Coup d'état by the PM himself<br>20 June –Second Coup d'état by Phraya Phahonphonphayuhasena<br>15 Nov – First Election in Siam (House of Representatives)  |
| 1934 | <b>King Rama VIII</b><br>(1935-1946) | Phraya Phahonphonphayuhasena  |   | 27 June – Khana Ratsadon founded Thammasat University   |
| 1935 |                                      |   |   | 7 Mar – King Rama VII abdicated the throne  |
| 1938 |                                      | Luang Phibunsongkhram   |   |   |
| 1939 |                                      |   |   | 24 June – Siam was renamed as Thailand  |
| 1941 |                                      |   |   | 1 Jan – Franco-Thai war over Indochina areas occupied by France<br>8 Dec – Japanese forces arrived in Thailand  |
| 1942 |                                      | Plaek Phibunsongkhram I   |   | 25 Jan – Thailand joined the Axis<br>1 Dec – The Communist Party is founded   |
| 1943 |                                      |   |   |   |
| 1944 |                                      | Khuang Aphaiwong I  |   |   |
| 1945 |                                      | Thawi Bunyaket<br>Seni Pramoj I                                     |   | 31 Aug – Thawi resigned for Pramoj, the leader of the Free-Thai movement that worked with Allied force to free Thailand of Japanese occupation  |
| 1946 | <b>King Rama IX</b><br>(1946-2016)   | Khuang Aphaiwong II<br>Pridi Phanomyong<br>Thawan Thamrongnawasawat | <b>III. The 1946 Constitution</b>                                 | 6 Jan – The Democrat Party was founded and won the house majority with Khuang as the leader<br>24 Mar – Pridi was assigned PM after Khuang resigned<br>9 June – King Rama VIII was found shot dead, King Rama IX ascended to the throne |
| 1947 |                                      | Phin Choonhavan<br>Khuang Aphaiwong III                             | <b>IV. The 1947 Charter</b>                                       | 8 Nov – Third Coup d'état by Phin Choonhavan and the Army (the end of the first civilian gov. and role of khana Ratsadon)   |
| 1948 |                                      | Pleak Phibunsongkhram II  |   | 6 April – Fourth Coup after Khuang (Dem. Party) won another election  |
| 1949 |                                      |   | <b>V. The 1949 Constitution</b>                                   | 26 Feb – Palace Rebellion led by Pridi and Free-Thai movement, failed   |
| 1951 |                                      |   |   | 29 Aug – Manhattan Rebellion by the Navy, failed<br>28 Nov – Fifth Coup (self-coup) by Plaek  |
| 1952 |                                      |   | <b>VI. The 1952 Constitution</b>                                  | 10 Nov – Peace Rebellion by citizens against involvement in Korean war, Anti-communist Act was passed   |
| 1955 |                                      |   |   | 26 Sep – The first Political Party Act was promulgated, General election was planned  |
| 1957 |                                      | Pote Sarasin  |   | 26 Feb – Plaek won the majority, protests were staged by students and citizen (2 Mar)<br>16 Sep – Sixth Coup by Sarit, the Army leader. Pote was appointed PM   |
| 1958 |                                      | Sarit Thanarat  |   | 20 Oct – 7th Coup (self-coup) by Thanom and Sarit (appointed PM)  |
| 1959 |                                      |   | <b>VII. The 1959 Charter</b>                                      |   |
| 1962 |                                      |   |   | 1 Mar – The Communist Party started a radio broadcast, Sarit allows US forces to operate in 12 bases to fight against Communism in Indochina  |
| 1963 |                                      | Thanom Kittikachorn II  |   | 8 Dec – Sarit passed away, Thanom appointed PM  |
| 1965 |                                      |   |   | 7 Aug – First clash between Communist forces and the Thai gov.  |
| 1968 |                                      |   | <b>VIII. The 1968 Constitution</b>                                |   |
| 1971 |                                      |   |   | 17 Nov – 8th Coup (self-coup) by Thanom   |
| 1972 |                                      |   | <b>IX. The 1972 Temporary Charter</b>                             |   |
| 1973 |                                      | Sanya Dharmasakti   |   | 14 Oct – The 1973 popular uprising at Thammasat U. with uni. students at the forefront ended the mil. dictatorship. Thanom fled the country. King Rama IX appointed Sanya as PM   |
| 1974 |                                      |   | <b>X. The 1974 Constitution</b>                                   | 28 Dec – Thanom attempted a return but failed.  |
| 1975 |                                      | Seni Pramoj II<br>Kukrit Pramoj                                     |   | 26 Jan – Sanya resigned after the constitution was successfully passed. General election was held.<br>14 Mar – Kukrit appointed PM.   |

|      |                               |   |  |   |
|------|-------------------------------|---|--|---|
| 1976 |                               | Seni Pramoj III                             | <u>XI. The 1976 Constitution</u>           | 19 Sep – Thanom brought back, two activists beaten and hung<br>4 Oct – Students staged mass protest at Thammasat University. 9th Coup by Sangad and Thanin was appointed PM. Students fled and joined Communist party hiding in 'the forests'   |
| 1977 |                               | Thanin Kraivichien<br>Kriangsak Chamanan    | <u>XII. The 1977 Charter</u>               | 20 Oct – 10th Coup by Sangad, Kriangsak was appointed PM  |
| 1978 |                               |   | <u>XIII. The 1978 Constitution</u>         | 22 Dec – 1978 Constitution was introduced; known as half-democracy constitution as appointed senates have more political power and representatives.   |
| 1980 |                               | Prem Tinsulanonda                           |  | 29 Feb – Kriangsak resigned due to internal conflict, Prem appointed PM – amnesty for communists  |
| 1981 |                               |   |  | 1 April – 'Hawaii April' rebellion by 'Young turks', failed.  |
| 1985 |                               |   |  | 9 Sep – Failed Coup against Prem  |
| 1988 |                               | Chatichai Choonhavan                        |  | 28 April – Prem dissolved the parliament. Chart Thai Party won the general election (Chatichai as PM)   |
| 1991 |                               | Anand Panyarachun I                         | <u>XIV-XV. The 1991 Constitutions</u>      | 23 Feb – 11th Coup by Sunthorn and Suchinda. Anand appointed PM.  |
| 1992 |                               | Suchinda Kraprayoon<br>Anand Panyarachun II |  | 22 Mar – General election held but nullified, Suchinda appointed PM.<br>May – This led to 'Black May' protest against the non-democratic appointment. Violent crash with gov.   |
| 1995 |                               | Chuan Leekpai I<br>Banharn Silpa-archa      |  | 24 May – Suchinda resigned, Anand appointed PM by the King.<br>13 Sep – general election was held again and the democrat won. Chuan Leekpai appointed PM.   |
| 1996 |                               | Chavalit Yongchaiyudh                       |  | 19 May – Chuan dissolved the parliament due to corruption charges. Chart Thai party won in the election   |
| 1997 |                               |   | <u>XVI. The 1997 Constitution</u>          | 27 Sep – Banharn dissolved the parliament, New Hope party won (Chavalit) in 17 Nov election.<br>2 July – the 1997 Asian Financial Crisis started as the fixed Thai Baht was attacked (with the help of George Soros.) Leading to massive layoffs and the shutdown of Thai financial sector. |
| 1998 |                               | Chuan Leekpai II                            |  | 11 Oct – the 1997 constitution was passed with the aim to reform Thai politics, improve check & bal.  |
| 2001 |                               | Thaksin Shinnawatra I                       |  | 5 Nov – Chavalit Resigned, Chuan was appointed PM again.<br>14 Jul – Tai Rak Tai party was born with Thaksin Shinnawatra at the head.   |
| 2002 |                               |   |  | 9 Feb – General election and Tai Rak Tai won.   |
| 2005 |                               | Thaksin Shinnawatra II                      |  | 1 Oct – Massive Government Reform Act introduced.<br>6 Feb – Thaksin won the second term – becoming the first civilian government to stay a full term, and the first to get re-elected  |
| 2006 |                               |   | <u>XVII. The 2006 Interim Constitution</u> | 4 Feb – First major 'Yellow Shirts' protests against Thaksin led by Sonthi Limthongkul.<br>23 Feb – Thaksin dissolved the parliament, new election set on 2 April – banned by other parties.  |
| 2007 |                               | Sonthi Boonyaratglin                        |  | 19 Nov – 12th Coup by Sonthi Boonyaratglin, Surayud appointed PM  |
| 2007 |                               | Samak Sundaravej                            | <u>XVIII. The 2007 Constitution</u>        | 30 May – Tai Rak Tai party disbanded by the constitutional court, 5-year bans for its 111 members.  |
| 2008 |                               | Somchai Wongsawat<br>Abhisit Vejjajiva      |  | 23 Dec – People's Power Party (with members from TRT) won the election. Samak appointed PM.<br>9 Sep – Constitutional court dismissed Samak as PM. Somchai appointed.   |
| 2009 |                               |   |  |   |
| 2010 |                               |   |  |   |
| 2011 |                               | Yingluck Shinnawatra                        |  |   |
| 2012 |                               |   |  |   |
| 2013 |                               |   |  |   |
| 2014 |                               | Prayut Chan-o-cha                           | <u>XIX. The 2014 Interim Constitution</u>  | 22 May – 13th Coup by Prayut  |
| 2015 |                               |   |  |   |
| 2016 | King Rama X<br>(2016 - today) |   | <u>XX. The 2017 Constitution</u>           | 13 Oct – King Rama XI passed away. King Rama X ascended.  |
| 2017 |                               |   |  |   |
| 2018 |                               |   |  |   |

Figure A.15: Electoral geography: 2001, 2005, and 2011 election.



Source: Reprinted from Baker and Phongpaichit. (2014)