Facts on the Situation of Inequality in Thailand

Further to recent information being circulated on social media portraying Thailand as a country with the highest wealth disparity in the world, based on the CS Global Wealth Report 2018, the Office of the National Economic and Social Development Board (NESDB), in its capacity as the national agency responsible for monitoring the progress in reducing inequality in Thailand, has provided the following facts and figures for the accurate understanding of the public:

1. Thailand has been using the Gini Coefficient Index used by the World Bank to measure the state of inequality in approximately 110 countries. The Index is divided into two types: 1) Gini Coefficient Income Index and 2) Gini Coefficient Expenditure Index, with the indices ranging from 0-1. The lower the index, the better the income and expenditure are distributed.

In Thailand's case, Gini Coefficient Index is calculated from the data gathered by the National Statistical Office through the National Household Socio-Economic Survey, whose information is collected from samples from around 52,010 households, representing different income bases. National surveys on income are conducted every two years, while national surveys on expenditure are conducted every year. Data from 2017 shows that Thailand's Gini Coefficient Income Index was 0.453 (45.3%), while the Gini Coefficient Expenditure Index stood at 0.364 (36.4%). Taking into account the Gini Coefficient Index in 2017, inequality in Thailand during the last 10 years has shown a downward trend, with Gini Coefficient Income Index decreasing from 0.499 in 2007 to 0.453 in 2017, and its expenditure counterpart reducing from 0.398 in 2007 to 0.364 in 2017.

Furthermore, the income gap between the highest income group and the lowest income group is shrinking gradually, from 25.10 times in 2007 to 19.29 times in 2017. The expenditure gap between the two groups has also contracted from 11.70 times in 2008 to 9.32 times in 2017.

From the two indicators given above, inequality amongst the different population groups—both in terms of income and expenditure—has demonstrated clearly a decreasing trend. However, inequality is still an issue that demands attention and continued action from the Government. Initiatives and policies have been introduced and pursued in order to increase the income of the lower-income and middle-income groups, and to better redistribute wealth from those with high income to other segments of the population.

2. Thailand's performance on the inequality done by the World Bank based on Gini Coefficient Index has constantly improved. In 2013, Thailand ranked 46 out of 73 countries for Gini Coefficient Expenditure Index per capita. Two years later, Thailand's ranks moved to 39 from 66 countries in the same ranking. It is also notable

that the number of countries surveyed in each year's ranking differed owing to information limitations.

According to the latest data from the World Bank, Thailand's Gini Coefficient Expenditure Index is 0.36, which means that the inequality situation in Thailand is considered to be almost on par with developed nations like the United Kingdom (0.33), and the United States (0.41).

3. In the CS Global Wealth Report 2018, inequalities in countries are measured based on wealth distribution information, despite the fact that there are only 35 countries that have complete wealth distribution records. Most of these are developed countries including France, Italy, Sweden, Japan, South Korea and Singapore. Thailand cannot collect such data as yet as it needs to better clarify the definition and information on asset ownership. Furthermore, the Report utilises econometric estimation based on the supposition that income distribution corresponds to wealth distribution. Therefore, given that only 35 countries have complete wealth distribution records, the wealth distribution approximation of the remaining 133 countries is simply a rough estimate. Thailand is among the 133 countries whose wealth ownership data is not available and can only provide income distribution information.

Moreover, in the process of estimating wealth distribution in Thailand, the Report relied on information from 2006, whereas other countries' estimations were based on data collected over a period of several years. This practice is markedly different from the method operated by the World Bank, which normally uses information gathered concurrently. Hence, wealth distribution indices as measured in the Report might not correctly reflect the real situation in Thailand, especially when juxtaposed with similar surveys regularly conducted by the World Bank since 1988.

Thus, the NESDB is of the view that the situation regarding inequality in Thailand is not as severe as perceived based on the information being circulated on social media. This is evident in the reports and surveys carried out by the World Bank using universally accepted standard and measurement methods. On the contrary, inequality in Thailand, both in terms of income and expenditures, has shown numerous signs of gradual improvement. Nevertheless, the reduction of wealth disparity and the mitigation of inequality in Thailand remain among the top priorities of the Government, which has set various policies aimed at distributing more equitable wealth distribution through government-led mechanisms and public-private partnerships to create opportunities for more jobs and additional income. The Government has also initiated numerous social welfare schemes, ranging from education and public healthcare to housing. Ultimately, Thailand intends to achieve more equal wealth distribution within 2037, by which point the gap between the richest 10% and poorest 10% of the population should be no greater than 15 times (currently 22 times), and Gini Coefficient Income Index will be at 0.36.

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