

# Poverty, Economic Security and the Role of the Thai Government\*

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**H**uman security is a complex and encompassing concept. The concept has evolved from the ‘security of territory from external aggression, or as protection of national interests in foreign policy or as global security from the threat of nuclear holocaust’<sup>1</sup> to ‘the legitimate concerns of ordinary people who seek security in their daily lives.’<sup>2</sup> Yet, the concept of security in ‘daily lives’ has many interpretations and tends to stimulate great debates concerning its proper meaning. It is the broad meanings of the concept that have made reaching a consensus on the definition such a difficult task.

In this short paper, we confine our discussion to the economic aspects of human security, and further define it narrowly in relation to the problems of extreme poverty in Thailand. We first state the problems, conceptually and empirically, and their development over the past decade or so. Then we discuss the role of the Thai government in mitigating the problems, or in promoting the economic security of Thai people.

## 1. POVERTY AND INCOME DISTRIBUTION IN THAILAND: SUCCESS AND FAILURE

Among the many elements of economic insecurity, the final report of the Commission on Human

Security (2003) emphasizes the importance of poverty as an obstacle to the overarching goal of achieving human security.

*‘.when people are uncertain where the next meal will come from, when their life savings suddenly plummet in value, when their crops fail and they have no savings—human security contracts.’<sup>3</sup>*

### 1.1 Income poverty

Thailand is among the countries of the world with an impressive record of poverty reduction. In the early 1960s, around 60 percent of the Thai people lived in poverty; in 2002 the proportion was less than 10 percent. However, as recently as 1986 the incidence of poverty, measured by head-count ratio, was still around 40 percent (Table 1). The pace of poverty reduction has been both rapid and virtually uninterrupted. Only twice during the past two decades has the incidence of poverty increased: first, between 1981 and 1986 when commodity prices plummeted, and second, after the financial and economic crises of 1997/98, which resulted in widespread unemployment.

**Table 1 Incidence of Poverty in Thailand, 1986-2002 (head-count ratios)**

Area	Region	1986	1988	1990	1992	1994	1996	1998	2000	2002
Rural	BMA*	13.3	9.7	2.8	3.3	3.2	0.4	0.6	0.1	0.9
	Central	34.1	31.0	25.3	16.1	10.4	7.9	7.5	6.4	4.5
	Northern	41.2	37.3	28.2	28.6	17.4	12.1	9.4	14.0	10.2
	Northeastern	63.7	53.6	49.8	45.6	34.4	23.4	24.2	30.9	17.2
	Southern	44.1	40.2	33.0	25.2	22.1	14.3	15.2	13.0	7.9
Urban	BMA*	10.8	10.1	8.6	3.9	1.5	1.3	0.9	1.1	1.3
	Central	24.2	20.1	20.1	7.7	7.5	4.7	5.6	4.4	2.6
	Northern	30.9	28.4	21.6	12.9	11.6	5.5	5.9	7.7	4.7
	Northeastern	40.5	32.3	31.1	28.2	20.8	12.4	12.2	17.2	9.5
	Southern	22.0	23.8	25.6	15.6	14.1	9.8	7.9	7.0	6.0
	All rural	49.1	42.8	36.8	32.1	23.5	16.1	16.0	19.2	11.4
	All urban	20.9	18.9	16.9	10.0	8.3	5.0	4.7	5.5	3.7
Whole Kingdom	41.7	36.2	31.4	26.2	19.0	12.7	12.5	14.9	8.9	

Note: \* BMA = Bangkok metropolitan area, which includes Samut Prakan, Nonthaburi, Pathum Thani, and Samut Sakhon.

Source: Jiraporn and Somchai (2003).

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Of the five regions, including the Bangkok Metropolitan Area (BMA), the Northeastern region is always the one showing the highest incidence of poverty. The Northern and Southern regions have a comparable incidence of poverty, second to the Northeastern region, while the Central region and BMA enjoy the lowest incidence.

Also, as in many other countries, poverty in Thailand is largely a rural phenomenon. The rural poor accounted for around 80 percent to 85 percent of the total poor during most of the last 20 years. The fact that the proportion between the rural poor and the urban poor remains largely unchanged amid the urbanization that has taken place suggests that rural poverty declined at a somewhat slower rate than urban poverty.<sup>4</sup>

### 1.2 Incidence of chronic poverty<sup>5</sup>

Even though the broad picture of poverty in Thailand indicates that there is a downward trend in poverty, some households may experience rises and falls in income and consumption, and others may even become poor or escape poverty temporarily. This is the nature of vulnerability, a problem that may become increasingly important in Thailand, as the country is now exposing itself to greater economic fluctuations.

Yet another important aspect of poverty needs greater attention, that is, some families may never get out of poverty, as their resources never rise above the poverty line. This phenomenon is known as chronic poverty. The chronically poor are those trapped in poverty, for which there are many causes. A country that is badly managed economically at both the macro and micro levels, and which lacks positive economic growth for a prolonged period of time is likely to suffer from massive chronic poverty. However, it is possible, at least conceptually, that some groups of people living in countries with average positive growth may still suffer chronic poverty. Some structural impediments may prevent such people from benefiting from the increased overall wealth. One of the structural impediments that could cause chronic poverty is social exclusion. When groups of people are excluded from social, and hence economic, interactions with people outside their groups, and remain stagnant in terms of their level of economic activity within their groups, they can become chronically poor. Also, families with no income earners or with low-income earners caring for chronically ill family members are also likely to remain poor regardless of the overall economic prosperity in the society.

There has not been many advances in the research community in terms of measuring chronic poverty, although it is conceptually possible to do so. Ravallion (1988) proposed a method of classifying households into non-overlapping groups of the *chronically poor* and *transient poor*. A household is classified as chronically poor if its expected income (or expected consumption) is below the poverty line. Unfortunately, existing

household survey data in Thailand do not allow the calculation of chronic poverty using this method.

Recognizing the data restrictions, Somchai (2003) attempted to find characteristics of the chronically poor in Thailand using a series of cross-sectional household surveys.<sup>6</sup> The idea is simple. Chronic poverty, by definition, must have an increasing share in overall poverty when the latter is falling, which is the case in Thailand. Suppose further that the chronically poor possess some observable characteristics. Those characteristics must also be more and more prominent among the overall poor. Somchai (2003) tested the following characteristics: dependency ratio, education, type of dwelling, asset ownership, and sanitary conditions. Table 2 shows the shares of these characteristics among the Thai poor from the year 1986 to 2002.

It is both surprising and interesting that almost none of the characteristics show a rising share. This may lead some to conclude that chronic poverty does not exist in Thailand. Further, many characteristics show a declining trend, such as the possession of a television, which has declined drastically from 80 percent to less than 20 percent. This observation alone may raise a question about how appropriate are the poverty lines currently being used, because it is difficult to imagine that a television could be considered a basic consumption need.<sup>7</sup>

However, stating that chronic poverty does not exist in Thailand may be too quick a conclusion. First, the real characteristics of the chronically poor may not be included in Table 2, or they may even be unobservable. Thus, reliable models are needed to determine and measure chronic poverty based on cross-sectional data. Second, the mechanism that creates chronic poverty may not have yet been in place in 2002. For example, once poverty reaches a level lower than the current one, around 5 percent, then the downward trend in the incidence of poverty may come to a halt. Only then might the characteristics of the chronically poor be detected.

### 1.3 Debts and financial security of Thai households after the 1997 crisis

Several critiques in Thailand (mostly by non-economists) suggest that poverty among Thai people has a close correlation with household indebtedness. Some even argue that poverty should be partly defined by indebtedness. Clearly, one needs to be careful about this, as there are many 'rich' people who are also heavily in debt and yet enjoy a living standard far above the basic needs level.

The above debate on the debt-related poverty definition aside, it is true that the poor (as conventionally defined) will face a great financial security problem if they accumulate large amounts of debt. Of particular interest is the impact of the 1997 financial crisis and subsequent developments, on household debts.

**Table 2 Characteristics of the Thai Poor (percentage of all poor persons/households)**

	1986	1988	1990	1992	1994	1996	1998	2000	2002
<b>Rural poverty</b>									
Dependency ratio	45.0	42.5	43.3	43.4	43.1	44.2	42.2	43.0	43.9
Laborers with >3 dependants	8.0	9.3	6.7	7.0	7.0	6.9	8.1	7.2	8.8
No education	7.3	8.0	7.6	8.6	7.6	8.3	7.1	6.1	8.5
Less than primary education	49.7	51.7	51.5	50.8	51.7	49.3	49.8	50.0	46.6
Does not own house	5.8	4.7	3.5	2.5	3.3	2.1	1.9	1.9	1.4
Temporary house	0.8	0.7	0.3	0.4	0.1	0.6	0.2	0.1	0.4
Non-durable house	11.3	0.8	0.6	7.8	6.0	5.3	3.6	4.1	6.0
No in-house toilet	62.5	45.9	36.6	24.8	12.5	8.8	5.5	3.7	3.7
No piped drinking water	96.6	95.8	94.9	96.9	95.1	92.6	91.4	88.3	86.0
No piped water	97.8	97.7	97.5	95.6	87.7	82.2	69.3	56.6	57.5
No radio	34.8	37.5	35.6	37.5	42.7	40.5	42.0	46.3	51.7
No television	80.7	71.7	59.1	48.9	36.1	29.0	20.6	16.7	18.8
<b>Urban poverty</b>									
Dependency ratio	43.5	40.6	39.7	40.3	40.1	40.8	41.0	40.6	41.9
Laborers with >3 dependants	5.9	5.6	5.8	3.6	6.3	4.4	5.8	4.9	3.8
No education	7.8	8.8	7.0	6.7	5.9	5.9	5.9	6.6	5.8
Less than primary education	44.0	44.6	46.9	49.8	48.6	46.4	43.7	44.0	42.3
Does not own house	31.3	35.2	30.9	32.5	24.1	28.6	29.5	21.7	30.7
Temporary house	0.8	1.2	2.7	2.2	1.9	1.9	0.5	0.4	2.0
Non-durable house	7.6	2.2	3.0	9.2	4.6	5.1	3.8	2.1	3.1
No in-house toilet	16.9	11.6	11.3	8.1	4.6	4.2	2.2	1.6	2.1
No piped drinking water	68.7	57.4	58.3	62.8	65.8	63.5	57.5	59.8	50.7
No piped water	75.1	67.6	66.7	57.2	61.0	56.2	50.1	39.9	43.3
No radio	34.4	29.1	31.9	30.0	36.7	36.7	34.9	35.9	43.5
No television	49.0	39.9	34.5	33.3	23.3	16.3	14.8	13.2	15.1

Source: Somchai (2003), Table 13.

Table 3 below shows average household debt levels, comparing them to household income for the period 1994-2002 for all households, for poor households and for ultra-poor households (those households with an income less than or equal to half of the relevant poverty lines). It is clear that household debts increased dramatically during this period, although at a somewhat different pace among the three household categories. On average, Thai households have accumulated debt much more rapidly than increases in their income. The debt-to-income ratio climbed from around 3.7 to 6.1 within fewer than 10 years. More worrisome is the debt accumulation by the poor and the

ultra-poor households. The indebtedness of these two (overlapping) groups is striking; it is twice as high and almost four times as high, respectively, as the debt-to-income ratio of the average households, and the increases also were more rapid. The ultra-poor households, for example, had debts that were around 15 times larger than their income in 2002.

If the numbers from the surveys represent the truth, then Thai households are certainly face danger from debt problems, and their financial security is being compromised. The fact that around 60 percent of the average household debts were a result of consumption only makes the situation worse.

**Table 3 Incidence of Household Debt before and after the 1997 Financial Crisis**

	1994	1996	1998	2000	2002
<b>All households</b>					
Total debts (Baht)	31,079	55,300	72,345	70,586	84,603
Debt/monthly income	3.7	5.0	5.7	5.7	6.1
Percentage consumption debt	59.7%	50.8%	61.2%	61.0%	64.1%
<b>Poor households</b>					
Total debts (Baht)	9,727	13,698	22,787	21,818	24,876
Debt/monthly income	4.4	5.4	7.5	7.5	8.5
Percentage consumption debt	37.9%	34.3%	39.1%	41.5%	44.5%
<b>Ultra-poor households</b>					
Total debts (Baht)	11,830	18,593	22,968	20,083	24,188
Debt/monthly income	9.1	12.2	13.1	11.5	15.2
Percentage consumption debt	53.4%	26.9%	40.4%	37.7%	50.2%

Note: Ultra-poor households are those households with income less than half the relevant poverty line.

Source: Calculated from Socio-economic Surveys, the National Statistical Office.

The causes of debt are not clear, however, since debts started to accumulate in 1996, one year before the financial crisis occurred. One possibility is that the survey method is responsible for this discrepancy, as debt questions were added to the Socio-economic Survey in 1992 and there might have been changes in the way the questions were asked and the answers verified.

Even if that is true, household debts were still on the rise throughout the period 1998-2002. The elasticity of debt creation for consumption (with respect to overall debt creation) reveals that most of the debts created during this period were debts to finance consumption. For the years 1998-2000, this situation could be explained via the impacts of the financial crisis during which many people lost their jobs and had to borrow in order to finance their consumption. The situation in 2002, which was the year when economic growth resumed and unemployment was low, might be explained by the impacts of the transfers from the government in various forms (most notably through the Village Fund), which were used largely to finance increased consumption.

## 2. THE ROLE OF THE THAI GOVERNMENT IN ENHANCING ECONOMIC SECURITY

There are many ways to ensure or promote the security of individuals. On the economic front, a well-developed market system with mature insurance markets can provide protection against negative shocks, especially idiosyncratic ones where risks can be shared both interpersonally and inter-temporally. However, there are situations where interventions are needed: for example, when the market system is not well developed and markets are missing for various kinds of negative shocks. Permanent negative shocks happening to individuals (such as an illness that results in permanent disability) are difficult to insure against. Furthermore, human security is often related to distribution issues, when the fruits of economic growth are not shared equally or are even biased against the worse-off, some groups are left vulnerable. Distributional equality has never been the prime tenet of the market system.

For these reasons, the role of government in enhancing human and economic security is justified. In this section, the role of the Thai government will be reviewed and evaluated, starting with the distributional impacts of fiscal policies, and followed by the recent initiatives by the Thai government in the management and implementations of poverty-reduction policies.

### 2.1 Thailand's recent initiatives in the public implementation of poverty policy<sup>8</sup>

Various factors influence the impacts of government expenditure on human security other than the impacts caused by the distribution of income, as described in the previous section. The primary objective of various categories of government spending is precisely to reduce human insecurity. For example, providing maternal health care can prevent maternal illness and death, which constitute major security threats in some parts of the world.

In the final report of the Commission on Human Security (2003), the Commission suggested ways to increase economic security. These suggestions are summarized in Table 4.

Having established strategies is one thing; actually implementing them is another. Governments around the world have not had much success so far in achieving the initial goals when it comes to reducing human insecurity. The *World Development Report 2004: Making Services Work for Poor People*, for example, notes that there is no strong relationship between government spending on health and child mortality rates.<sup>9</sup>

Thailand's poverty reduction policies also performed weakly. Table 5 shows the access rate by poor individuals to various poverty programs that grew out of current 'poverty policies.' Although many policies do service the poor more than proportionately (compared with the overall access rates, the 'total' column in Table 5), the relative odd ratios are somewhat too low to justify them as genuine poverty policies. A few policies (the People's Bank and Village Revolving Fund) are even more likely to serve the non-poor than the poor.

**Table 4 Commission on Human Security's Promotion of Economic Security**

Conceptual Strategies	Implementation Strategies
Encouraging growth that reaches the extreme poor	Addressing distributional issues Reducing developed country trade barriers Developing governance and policies that empower
Supporting sustainable livelihood and decent work	Informalizing the labor force Reducing the environment and livelihood insecurity Microcredit: supporting the livelihood of poor people Improving livelihood opportunities for women
Preventing and containing the effects of economic crises and natural disasters	Containing economic and financial crises Preparing for natural disasters
Providing social protection for all situations	Empowering workers to better integrate with the market Sustaining poverty reduction Fulfilling ethical and basic socio-economic obligations Supporting community organizations: the 'first frontier' Financing social protection internationally

Source: Human Security Now, the Commission on Human Security final report, 2003.

**Table 5 Access Rates to Various Poverty Programs in 2002 (percentage of respective groups)**

Poverty programs	Poor people	Vulnerable groups	Non-poor, Non-vulnerable	Total
Universal Health Care (30 Baht Scheme)	85.4	86.0	67.1	69.7
Social insurance	0.5	0.8	9.3	8.1
Old-age assistance	0.5	0.7	0.4	0.4
Debt moratorium	2.4	2.4	1.9	2.0
Farmers' Assistance Fund	0.9	0.9	0.5	0.6
School Lunch Program	11.1	12.4	6.8	7.5
Education scholarships	0.3	0.2	0.2	0.2
Education loans	0.9	1.1	0.6	0.6
People's Bank	0.1	0.0	0.2	0.2
Village Revolving Fund	7.0	8.4	7.6	7.6

Note: Vulnerable groups are defined as those individuals whose household income is lower than 1.2 times the relevant poverty line.

Source: Somchai (2003), Table 1.

Thus, the lesson learned is comprising that simply setting aside financial and other resources to reduce poverty does not guarantee that poverty would actually be reduced. The implementation of the policies is more important. Table 5 shows that there is plenty of room for improvement by the Thai government in formulating poverty policies that truly will reach and benefit the poor. Some of the recent initiatives in terms of implementing poverty policies will be discussed here. Some of the initiatives are directed at the implementation of government policies in general, and would affect poverty policies as well.

### *Changing accountability relationships*

The government's attempt to reduce poverty can be viewed as a kind of service to the public. As with all types of service provision, an accountability relationship (or lack thereof) exists between the service providers and the 'clients,' who comprise the poor in this case. However, since the government consists of many 'agents,' the accountability relationships become more complex. According to the aforementioned World Bank Report, poverty reduction services concern four 'actors,' namely, the citizens and clients, the politicians and policy makers, the organizational providers, and the frontline providers. The following are some of the interesting changes taking place with the four accountability relationships in Thailand.

First, politicians and policy makers are now more communicative with Thai citizens, including poor 'clients.' The Thai Rak Thai Party won the election in 2001 owing to its clear policy stance, implying that Thai citizens 'delegated' the government to deliver what had been promised during the election campaign.

Second, the 'public sector reform' process put forward by the current government resulted in the creation of some new ministries, the duties of which are directed more strongly toward dealing with poverty and human security problems. The creation of the Ministry of Social Development and Human Security is a prime example.

Third, now there is strong emphasis on coordination between frontline providers who interact

with the poor on a constant basis. This prevents problems related to under-servicing or over-servicing in some areas and with some target groups. Also, such coordination reduces the burden of the local communities in interactions with the providers of the services.

Fourth, the citizens/poor/clients are encouraged to participate in the decision-making process. One advantage of local community participation is that the poorest of the poor are more likely to receive services.

### *Insulating politics from organizational providers*

For poverty policies to be successful, it is imperative that political interests be removed, or prevented as much as possible, from the accountability relationships. Unfortunately, there is little evidence that any reforms have been taking place in this respect. However, two proposals can be put forward. First, genuine efforts in fiscal decentralization must be made, allowing local administrative agencies to have their own budget and decision-making power, thus partly safeguarding themselves from political demands made at the national level. Second, evaluation of the providers (organizational and frontline) should be based on their results in reducing poverty.

### *Area-targeting approach*

The area-targeting approach is gaining more momentum lately. The government has begun to realize that poverty concentrates in some geographic areas. For example, in the case of Thailand, around two-thirds of all the poor reside in only 17 provinces, 15 of which are in the Northeastern region of the country. In this regard, three new developments are worth noting.

First, each Deputy Prime Minister was assigned supervisory duties in the overall operation of government functions in separate sub-regions, each consisting of around 10 provinces. Since some sub-regions are plagued with poverty problems, the Deputy Prime Ministers in charge of them must focus on poverty issues as one of the sub-regions' main concerns and they must coordinate the efforts to reduce poverty there.

Second, at the provincial level, the government also assigned provincial governors to actually supervise the 'management' of the overall development of their provinces. This is sometimes called the 'CEO Governors' concept.' The benefits would arise from better coordinating the frontline providers from various line ministries sent from Bangkok.

Third, advances have also been made in data support for implementing the area-targeting approach. The two primary data sources, the Ministry of Interior's rural village database Nrd2C<sup>10</sup> and the rural household database Basic Minimum Need have been improved in terms of data integrity. Moreover, a poverty map was constructed for the whole kingdom for the year 2000, using the World Bank's 'small area poverty map technique.' It will be updated in the near future.

#### **Public service agreement on poverty reduction budget allocation**

All services, including poverty reduction services provided by the State, must be financed through a budget allocation process. More importantly, the way that poverty reduction policies are financed will have a great impact on the success of the policies.

As in many other countries, the budgetary process in Thailand has been geared toward a performance-based budget in order to improve the efficiency and effectiveness of the allotted public money. There are yet two other recent developments: one is the budget allocation for each fiscal year according to the 'national strategies,' and the other is an attempt to apply the public service agreement (PSA) system of budgetary process. (Here we shall describe the PSA system that applies to the national strategy on poverty reduction, hereafter identified as PSA-Poverty).<sup>11</sup>

PSA is an agreement that the government and its subsidiaries make to the public to deliver services that contribute to the achievement of predetermined, sometimes quantified, objectives.

For PSA-Poverty, the Thai government has established the objective of reducing income poverty so that no more than 12 percent of the population would be in this category by the end of 2006. However, in order to

achieve the PSA-Poverty goal, some clarification needs to be made about the target groups, the operational strategies, the measurement of outcomes and the responsibility structure through coordination between government agencies. Each of these elements is discussed below.

**Clear Definitions or Characteristics of the Target Groups.** Without proper definitions of the target groups, evaluation of the success of PSA would not be possible. Table 6 offers operational definitions of three distinct target groups. Those living in extreme or chronic poverty are the poor who are not likely to be able to escape poverty by their own efforts. The 'moderately poor' are those who are capable of escaping poverty. The final targets are the vulnerable groups.

**Operational Strategies or Plans for Poverty Reduction.** Since poverty is a multidimensional concept and possesses many different aspects, the overall poverty reduction strategy should be further refined into detailed strategies or plans. In this regard, Somchai (2003) proposed five operational strategies, as follows:

*Strategy 1: Relief of the Consequences of Poverty.* When poverty is defined by a lack of basic needs, such as inadequate food intake, clothes, minimum-condition shelters and basic medical care, the poor should then be entitled to obtain these basic needs. The government should be the primary provider of these services.

*Strategy 2: Building the Income-generating Capacity of the Poor.* The poor are also entitled to escape poverty by themselves. Education, skills, credit, access to markets and information, etc., can all contribute to enhancing the income-generating capacity of the poor.

*Strategy 3: Provisions of Social Protection.* Those living in poverty usually have to endure economic and social uncertainties without enjoying the social protection accorded to the non-poor. The role of the government in providing social protection to the poor is a vital one.

*Strategy 4: Enhancing Economic and Social Equality and Justice.* Equality of opportunity and justice for all can ensure that economic and social development will advance without disruption.

**Table 6 Ad Hoc Characteristics of the PSA-Poverty Target Groups**

<b>The Extremely/Chronically Poor</b>	<b>The Moderately Poor</b>	<b>The Vulnerable</b>
Facing extreme hardships No education No savings and assets (both durable and non-durable) General workers with large number of family dependants such as children, the elderly, chronically ill or disabled members Landless farmers Child laborers Agricultural temporary worker Unemployed with no other income	Low education No savings. May possess some low-value non-durable assets Farmers with little land and low yields Peddlers	No higher than secondary education Little savings No access to formal credits Farmers with sufficient land but located in high-risk areas Workers with sufficient income but unstable jobs Having jobs with a high risk of accidents Middle-aged workers with no modern skills Petty traders with no permanent stores Low-income earners lacking the ability to plan

**Table 7 Poverty Reduction Strategies and Target Groups**

Poverty Reduction Strategy	The Extremely/ Chronically Poor	The Moderately Poor	The Vulnerable
Relieve the consequences of poverty (charity)	✓✓✓	✓✓	✓
Income-generating capacity-building	✓✓✓	✓✓	✓
<b>Social protection</b>	✓✓	✓✓	✓✓
<b>Economic/social equality enhancement</b>	✓✓✓	✓✓✓	✓✓✓
<b>Increase the efficiency of socio-economic conditions</b>	✓	✓✓	✓✓

Note: The symbols ✓✓✓, ✓✓ and ✓ indicate the degree of need, with three symbols indicating the greatest need.

Strategy 5: *Increase the Efficiency of Socio-economic Conditions*. Efficiency gains will result in more resources being made available to the poor, both through direct participation and through increased public spending.

Table 7 above links the above operational strategies with the previously defined target groups.

#### Verifiable or Quantifiable Outcomes and Goals.

It is important that the national outcomes and goals can be monitored directly by the public. To this end, the outcomes and goals must be at least verifiable and, if possible, quantifiable.

Coordination of Government Agencies through Shared Accountability. When accountability is shared by two or more agencies, the agencies would join their efforts and avoid the problem of duplication.

## CONCLUSION

This paper discusses some of the experiences of Thailand with regard to the economic aspects of human security. Thailand has been making satisfactory progress in reducing income poverty and raising the general welfare of the Thai people. In this sense, human security is improving. Further, there is no strong evidence indicating the existence, or the severity, of the chronic poverty problem in Thailand. On the distributional impacts of fiscal policy, government expenditure was found to be equality-enhancing in general. While indirect taxes tended to increase inequality, they were offset by the progressive direct tax structure, leaving the overall tax policy only marginally affecting the distribution of household income.

There have been several developments in the implementation of poverty reduction policies by the Thai government. These include the more direct interactions of politicians and policy makers with the poor, greater fiscal decentralization, emphasis on the area-targeting approach and close coordination among government agencies and between government agencies and the poor. The budgetary process is also undergoing reform within a public service agreement framework, which has strong potential for raising the efficiency and effectiveness of the resources allocated for poverty reduction in Thailand.

## ENDNOTES

- <sup>1</sup> UNDP (1994), p. 22.
- <sup>2</sup> UNDP (1994), p. 22.
- <sup>3</sup> Commission on Human Security (2003), p. 73.
- <sup>4</sup> This is true even when the urban poverty lines take into account the higher living standards of urban areas.
- <sup>5</sup> The content of this section borrows heavily from Vimut and Somchai (2003).
- <sup>6</sup> The Socio-economic Surveys conducted by the National Statistical Office.
- <sup>7</sup> The only exception is the possession of a radio, which is the only declining characteristic. However, one might reasonably argue that this is due to a substitution effect for other appliances (such as a television), making the radio an inferior good even among the poor.
- <sup>8</sup> The content of this section borrows heavily from Somchai (2003).
- <sup>9</sup> World Bank, *World Development Report 2004: Making Services Work for Poor People*, p. 11.
- <sup>10</sup> The database name was derived from the name of the committees that initiate the collection of the data, i.e., the National Rural Development Committee.
- <sup>11</sup> The following materials have been extracted from TDRI's preliminary research on PSA.

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