

Development and welfare possibilities

TU 101

Thailand, ASEAN and the world

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REDISTRIBUTION
OF WEALTH IS
THEFT

Tax rates in Thailand

Taxable Income (baht)	Tax Rate (%)
0-150,000	Exempt
more than 150,000 but less than 300,000	5
more than 300,000 but less than 500,000	10
more than 500,000 but less than 750,000	15
more than 750,000 but less than 1,000,000	20
more than 1,000,000 but less than 2,000,000	25
more than 2,000,000 but less than 4,000,000	30
Over 4,000,000	35

Inheritance tax

- From 2016, inherited assets above the value of 100 million baht for descendants will be taxed by 5%.

Assets

- houses and lands
- Bank deposits
- Shares
- Automobiles

Outline of lecture

- Social problems and social welfare
- Setting up a welfare state
 - Historie
 - Determinants
- Ways of organizing provision of social welfare
- The case of Thailand
 - Social problems
 - Social Provisions
 - Social Challenges/solutions

Well-being

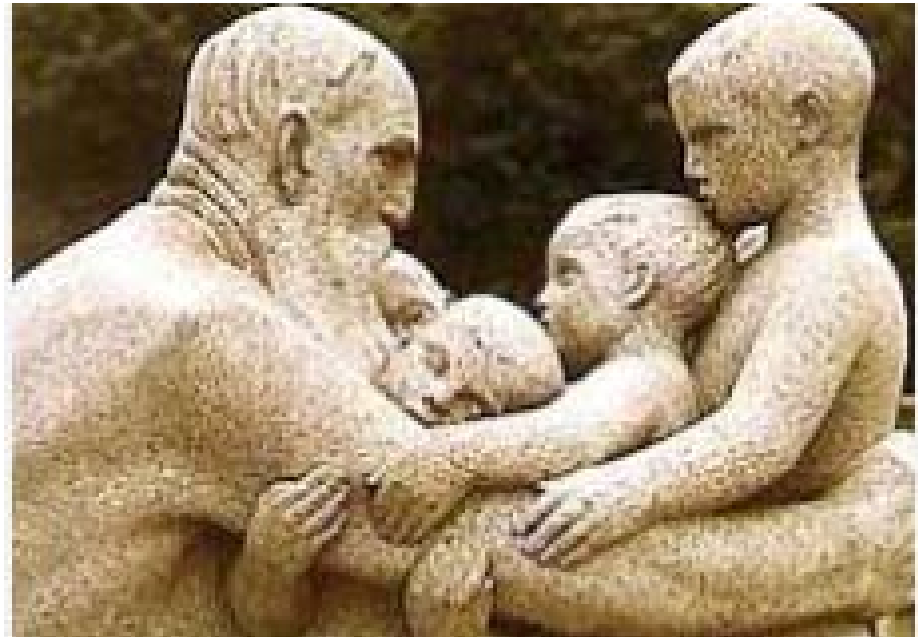
Well-being

- Good health
- Economic security
- Individual vitality
- Rewarding social relationships
- Sound interaction with circumstances
- An effective way of bringing about good outcomes

Welfare institutions

Types of social Welfare institutions

- Family
- The Market (private provisions)
- Voluntary and community organizations
- The Welfare State



Social Problems

Social Problem

“A social condition that a segment of society views as harmful to members of society and in need of remedy”



Social welfare

- Activities enabling individuals, families, groups or communities to cope with social problems
- Social welfare in a developmental perspective:
The **effective mobilization and deployment** of human and material resources of the country to deal successfully with the social requirements of change, thereby participating in **nation-building**.

Welfare state

Social policies

- Affecting the living conditions and human welfare
- Provides or pays for social services
- Services seen as “social goods”



**EQUAL
ACCESS ??**

Welfare state

- Narrowing insecurity
 - Assisting those in need by reallocating resources between individuals
 - Redistribution
 - Degree of equality
 - Key institutions
- developing, shaping and maintaining the social and economic structure of a society_____
-



History of the welfare provision Europe

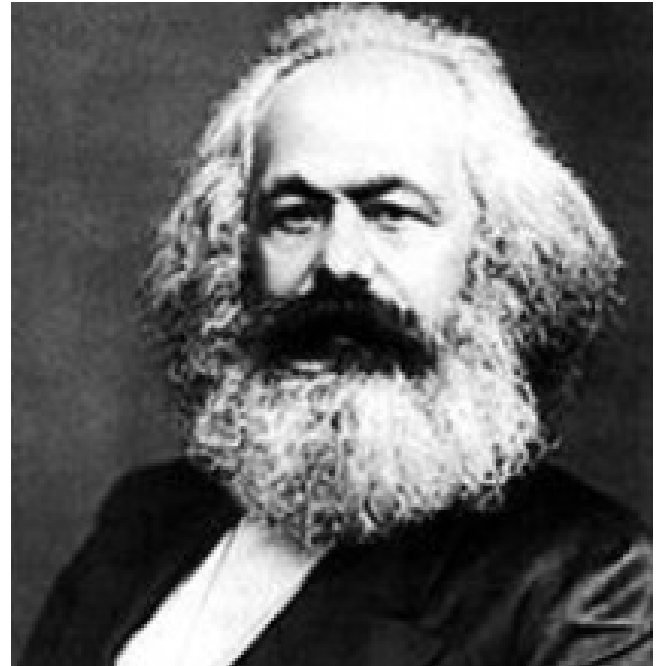
- Pre-welfare state social welfare relied on family, voluntary organizations and the church
- Industrialization in the 19th century leads to urbanization, demographic changes and dramatic alterations of family life and division of work.
- Around the turn of 19th century acknowledgement of responsibility of the state for the protection against unemployment, health and industrial accidents.

Political development

- Fear of social unrest



versus



History of welfare provision in Europe

- Economic crisis of the 1930's revealed that social insurance schemes were insufficient → growing need for direct governmental participation of provision of social welfare (direct transfers, health care, old age pension, etc.)
 - “Market” insufficient to provide social security
 - Self interest of the industry to maintain a healthy and educated labour force

Political development

- Growth of political democracy, rise of political citizenship, increased salience of “the social question”.
- Class mobilization: empowering of the working class through the expansion of political rights and the mobilization of the labour movement.
 - Labour parties and Labour unions political forces
- Women’s right to vote (Denmark: 1915).

Social citizenship

Social citizenship – T.H. Marshall (1893 – 1981)

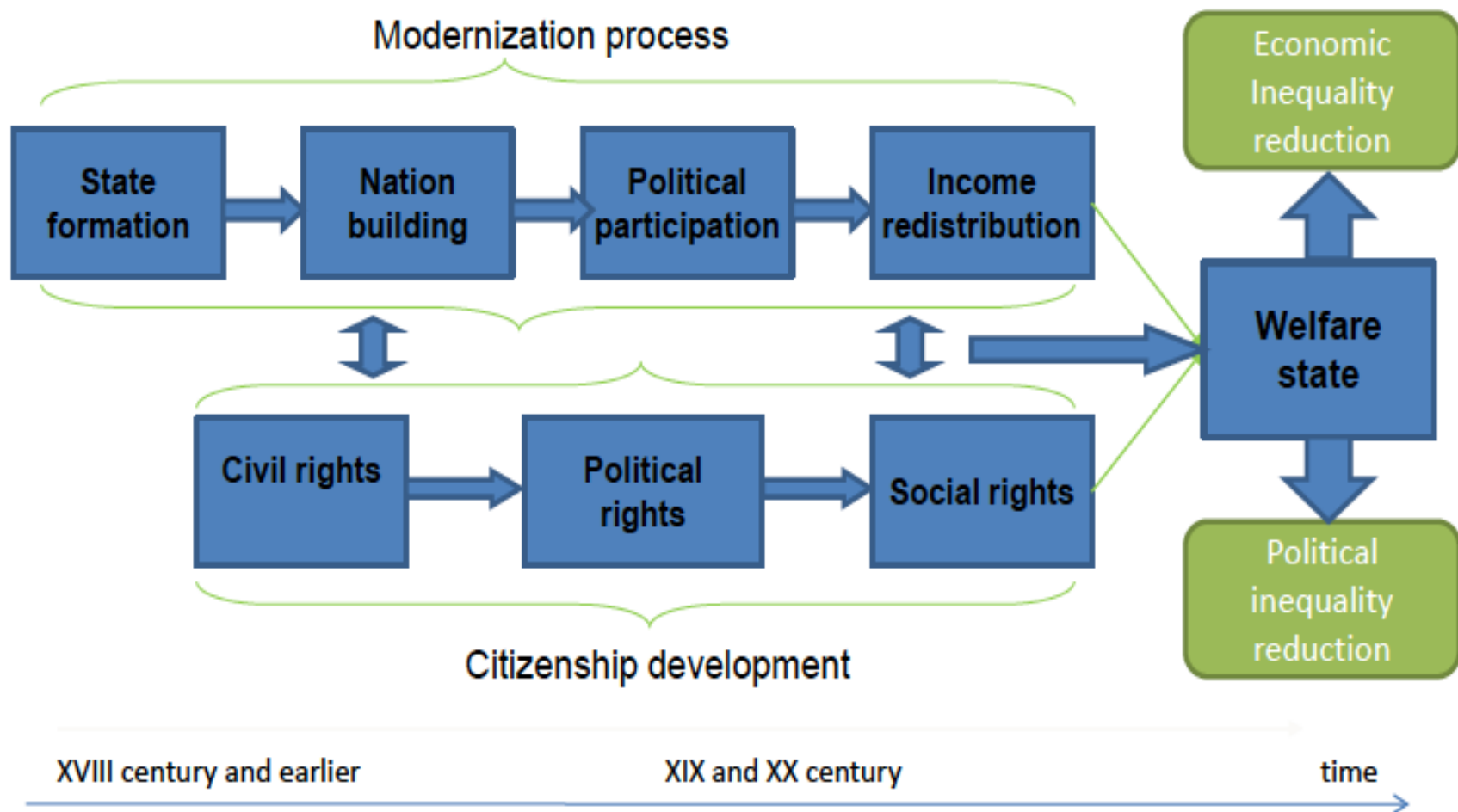
- Rights linked directly to citizenship. Core idea of a welfare state.
 - Right based system of social welfare. Entitlement based on citizenship → Removing stigmatization of those receiving economic assistance
 - Equal access to services such as health provision, education, economic assistance for those in need, etc.
- Social citizenship part of the evolution of citizenship

social citizenship

Aspects of social citizenship

- Social citizenship includes not only rights but also a duty to improve oneself and contribute productively to the economy of the nation.
- However, social rights imply some redistribution of goods.
- Normative concept, gained through political action.

social citizenship



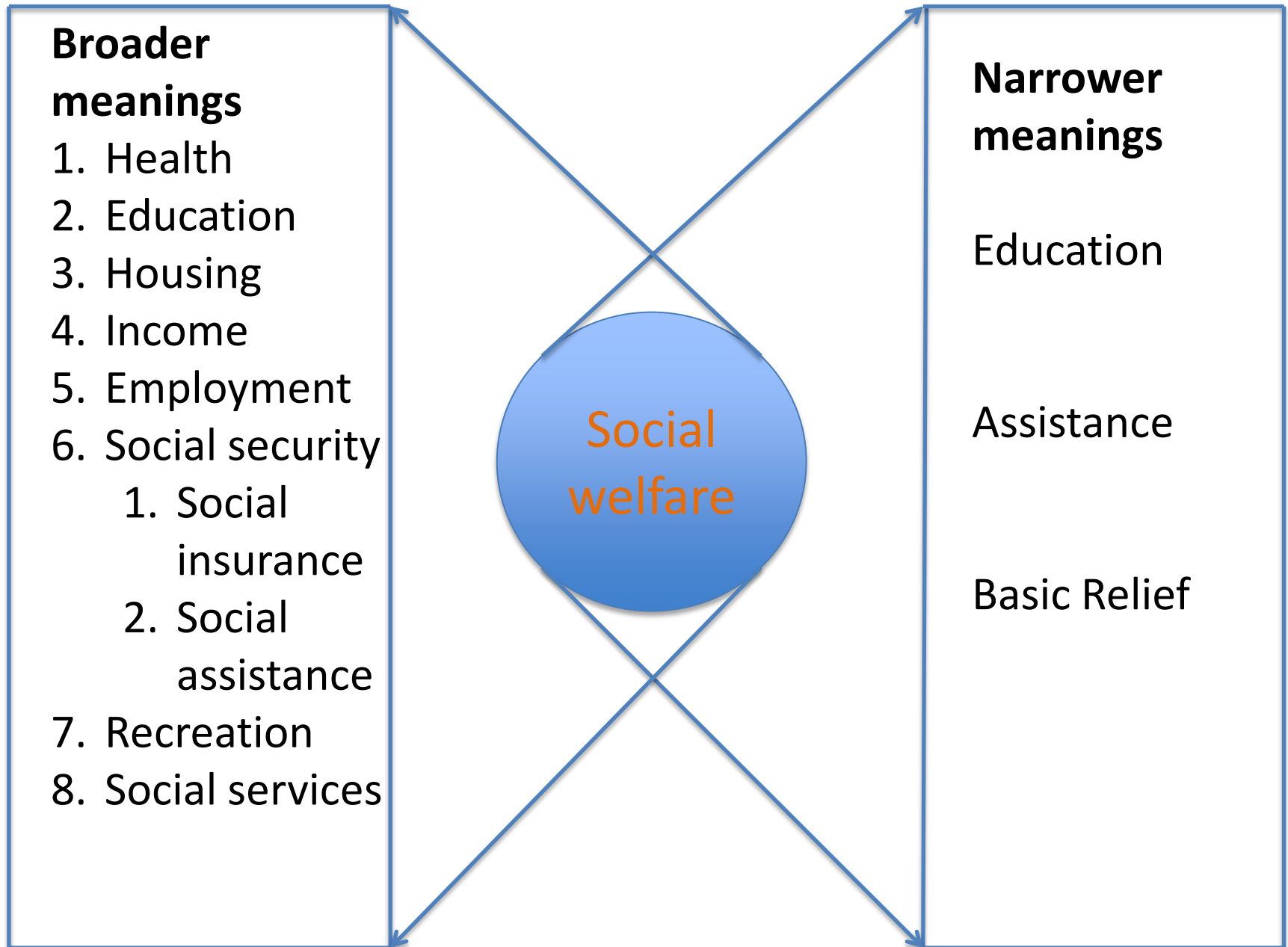
Setting up welfare states

Common trends in Western European Welfare states

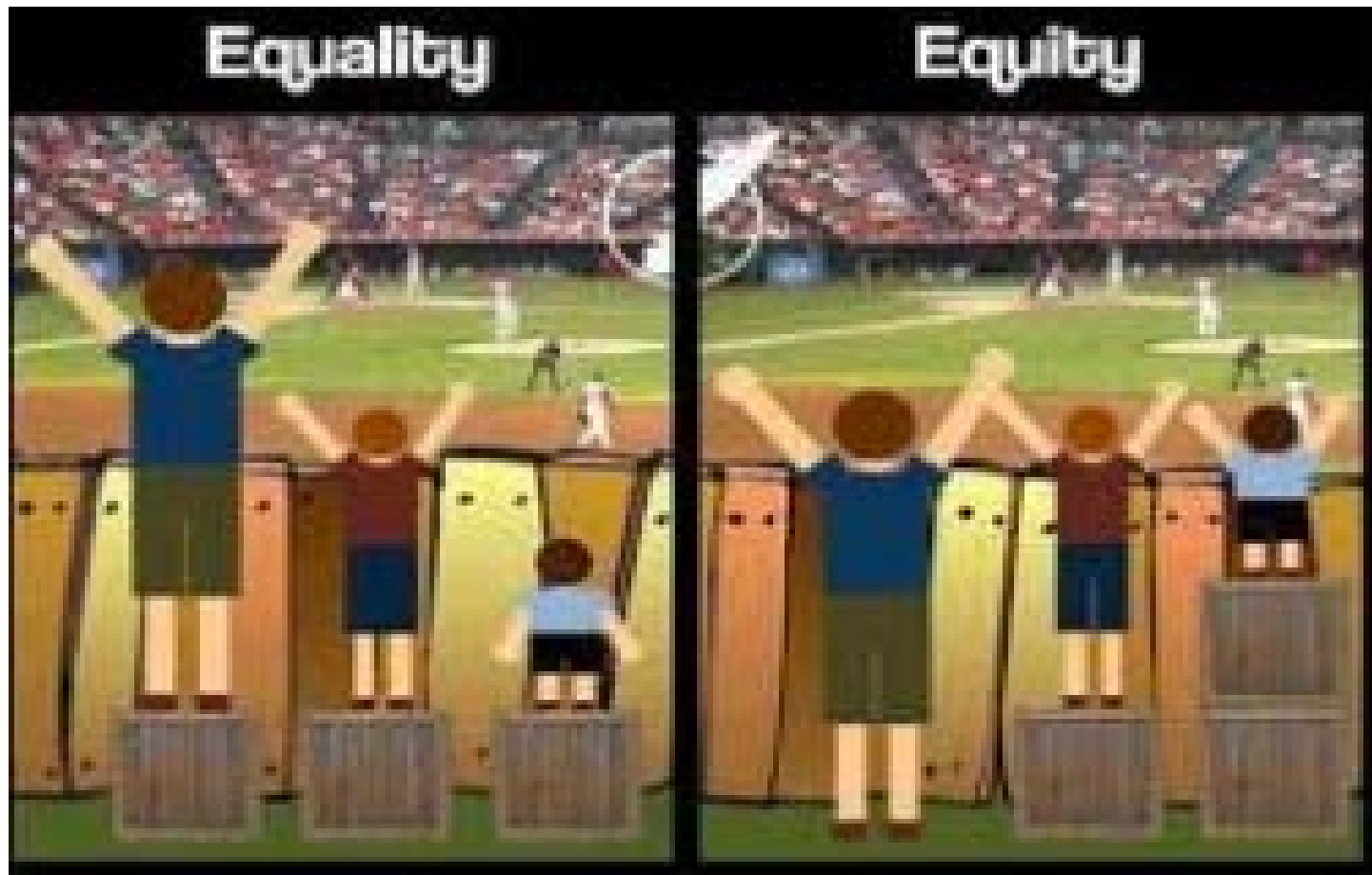
- Eradication of poverty, disease, ignorance, squalor and idleness.
- Free educational systems, universal health care, state funded or regulated compensation for social contingencies
- Policies to secure full employment
- Development of distinctively different types of welfare states

Redistributive

Non-distributive

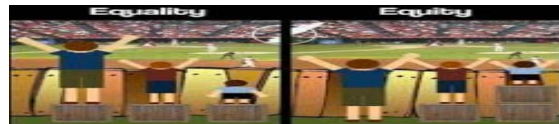


Equality vs. equity



Liberal welfare state

- Universal health services and education
- Social assistance restricted to low income
- State services financed by taxes
- Market/voluntary organizations to provide services
 - Poverty reduction
 - Invisible hand of the market
 - Low taxation



Conservative welfare state

- Universal health care and education, including university.
- Social provisions, excluding health care, acquired through social insurance, linked to employment
- Many social benefits
 - granted according to contribution
 - Preservation of different status
 - Family orientated
 - Social cohesion, state building



Social Democratic welfare state

- Universal health care and education, including university
- Wide range of services, extended to all citizens (including middle class), universal provision.
 - Kinder garden, pensions, sick leave, maternity leave unemployment benefits
- No role of the “market”
- Tax financed
 - Social citizenship
 - Equality (gender equality)
 - Nation building



Pros and cons of the welfare states

Proes

Liberal welfare state

- Individualism
- Low taxes

Conservative welfare state

- High level of coverage
- Strengthening of family and nation building

Social democratic

- Universal
- Equality
- Nation building

Cons

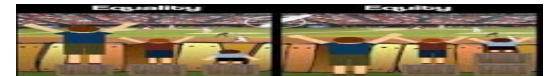
- Inequality
- No nation building

- Gender discriminatory
- Bureaucratic/ expensive
- Welfare dependency

- High taxes
- Welfare dependency

Productivist welfare state

- Welfare state set up to develop economy
 - Social policy instrumental for economic development
- Sectors strategic for economic development favoured in terms of social protection
 - Employment based schemes
- Social development achieved by “trickle down system”
- Social role of family high
- Paternalistic traits
- Often developed in a context of authoritarian politics



Vote

- Which form of welfare system do you think will be most beneficial for Thailand to adopt in the future?
 - a. Liberal welfare state _____
 - b. Conservative welfare state _____
 - c. Social Democratic welfare state _____
 - d. Productivist welfare state _____

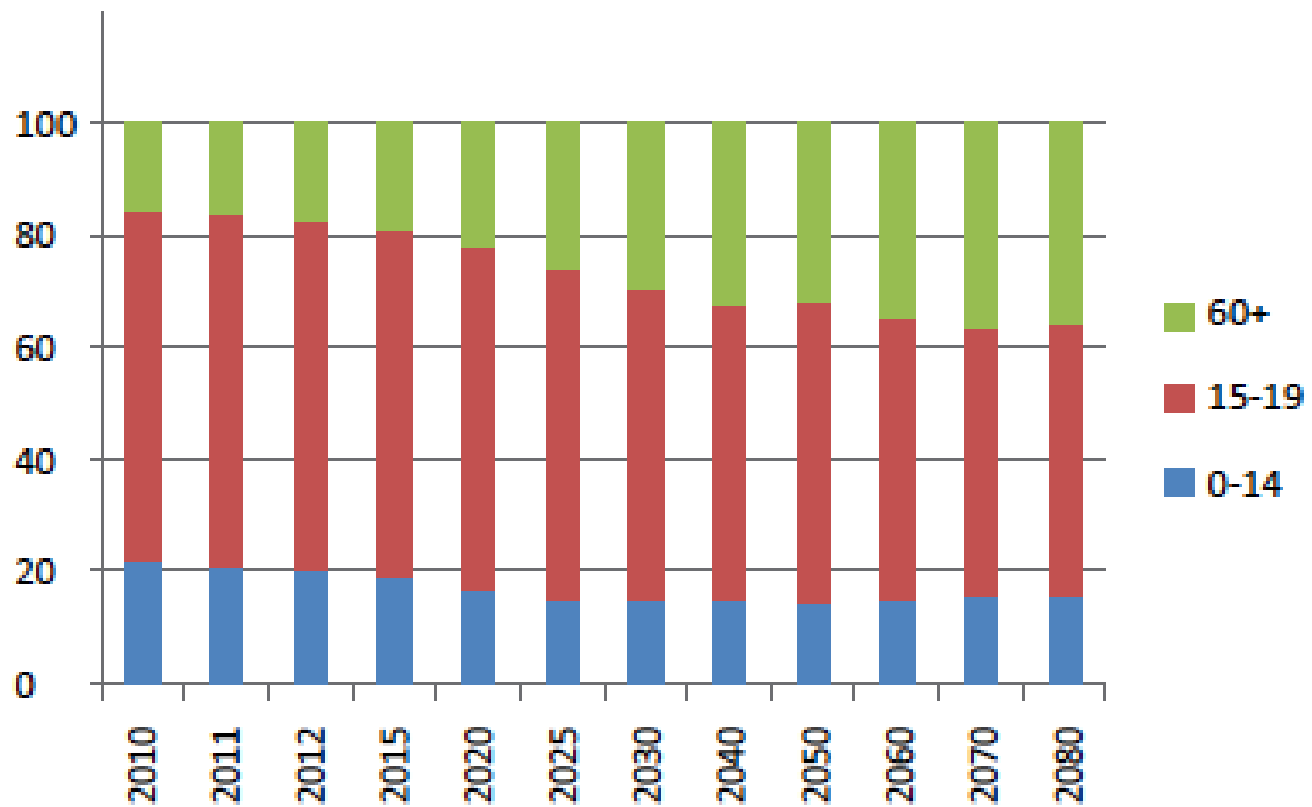
Break

See you in 15 minutes sharp

Thailand vs. Europe

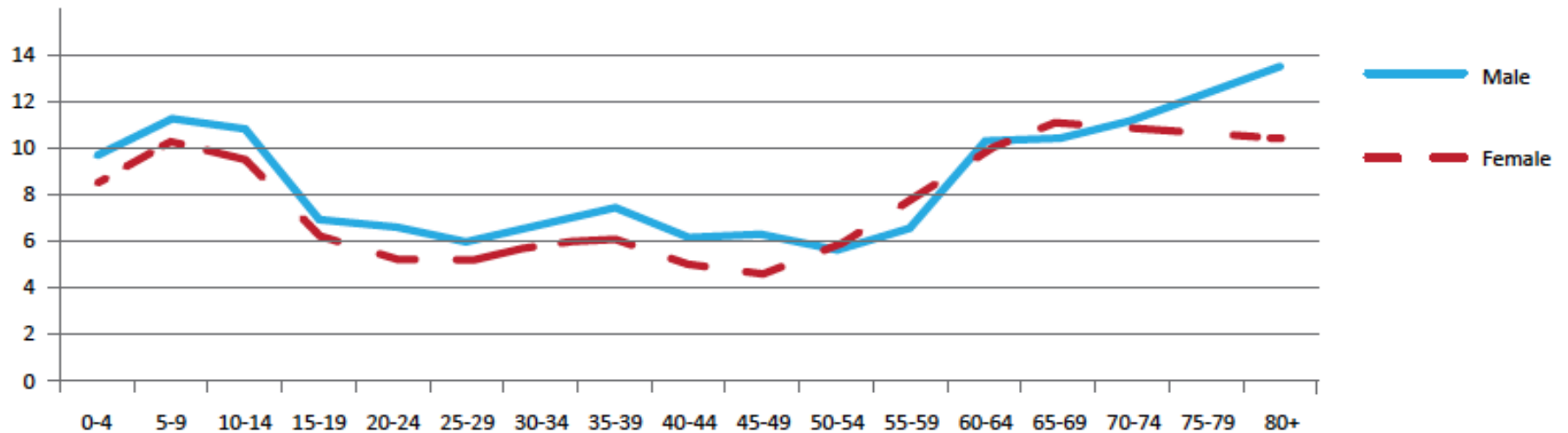
	Thailand	Europe
Economy	capitalist	capitalist
institutions	Authoritarian	Democratic institutions
Labour market	Large informal sector	formal
Distribution of wealth	Big inequalities	Inequalities vary, but less than Thailand
Social provisions against contingencies	Few are covered	Generally universal coverage

Social Problems: Ageing



Social Problems: ageing

Poverty rate by age and gender 2010 (%)



Source: Socio-Economic Surveys, National Statistical Office, Thailand

Social Problems: family

- 56% of family heads spend money on gambling
- Families with children under the age of 22 or senior citizens experiencing increasing debts
- 30.2 % of households report some kind of abuse (violence)
 - Domestic violence often linked to gambling
- Household transformation
 - Divorce rate of newly married rising to 33% in 2012, single parents
 - Decreasing family support of the elderly
 - Elderly increasingly left at home alone



Social Problems: Labour market

Table 1. Unemployment rate in East Asia (percent).

	1996	1997	1998	1999	2000	2001	2002	2003	2004
Japan	3.4	3.4	4.1	4.7	4.7	5.0	5.4	5.3	n.a
China	3.0	3.1	3.1	3.1	3.1	3.6	4.0	4.3	4.2
Hong Kong	2.8	2.2	4.7	6.2	4.9	5.1	7.3	7.9	6.8
Korea	2.0	2.6	7.0	6.3	4.1	3.8	3.1	3.4	3.5
Malaysia	2.6	2.4	3.2	3.4	3.1	3.6	3.4	3.6	3.5
Singapore	3.0	2.4	2.5	3.6	3.5	2.8	4.3	4.7	4.0
Thailand	1.1	0.9	3.4	3.0	2.4	2.6	1.8	2.2	2.1
Taiwan	2.6	2.7	2.7	2.9	3.0	4.6	5.2	5.0	4.4

Sources: Asian Development Bank, Asian Development Outlook 2002, 2005. Figures for Japan: Japan Statistics Bureau, Japan Statistical Yearbook 2005, www.stat.go.jp/english/data/nenkan/1431-16.htm [date last accessed April 2006].

- Globalized capitalist economy low job security
- Increasingly flexible labour market threatens job security

Social Problems: gender inequality

Labour market participation, according to gender and age.

Sex	15-19	20-24	25-29	30-34	35-39	40-49	50-59	60 years and over
Male	34.0	76.1	93.9	96.7	96.7	96.2	91.0	48.6
Female	22.9	61.3	78.2	81.8	81.9	80.2	65.9	25.6
Total	28.5	68.9	86.2	89.4	89.3	88.1	78.1	36.1

(Source: NSO, The Labour Force Survey Quarterly 1,2, 2005)

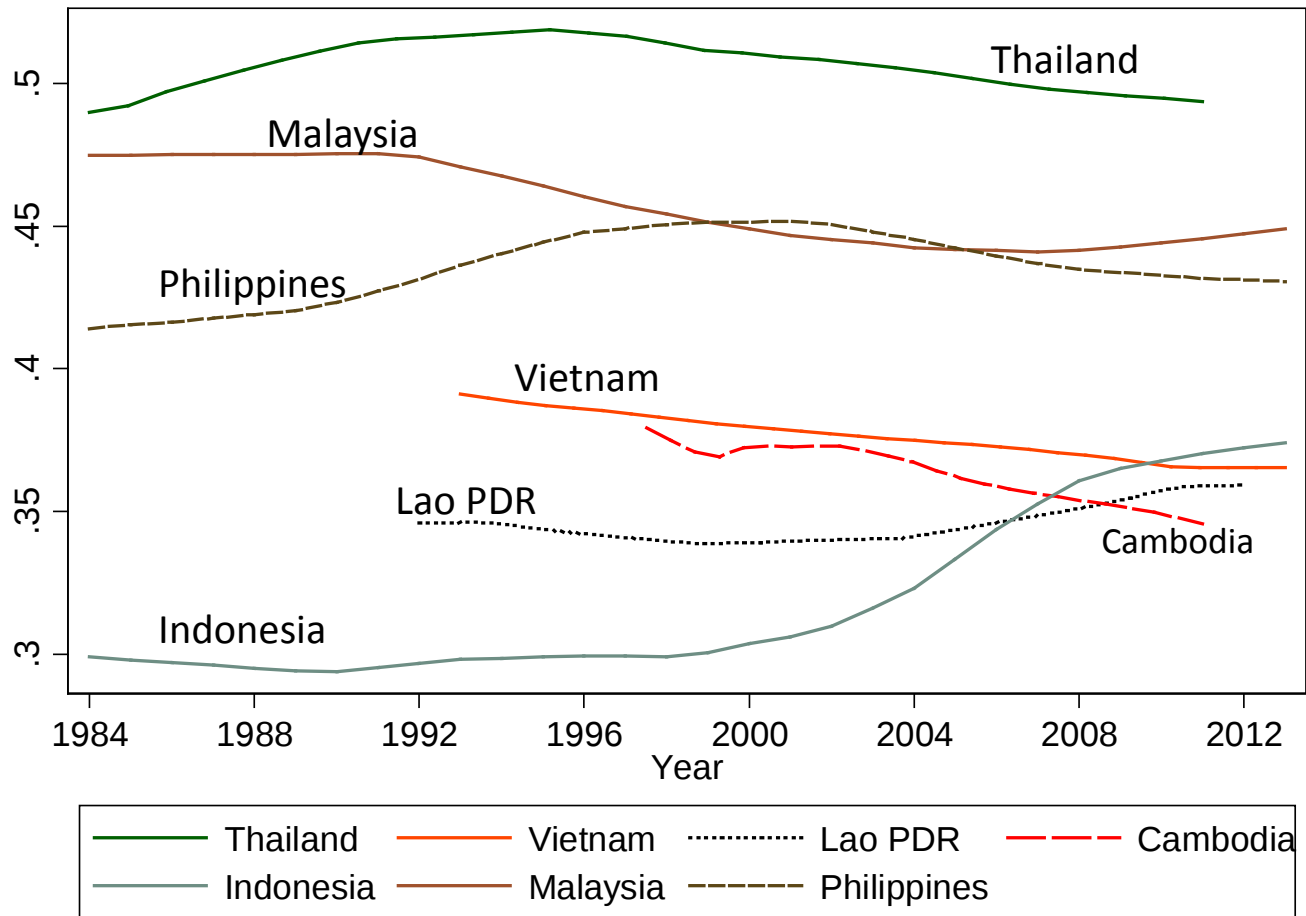
- Lack of care facilities for children
- Double work load for women

Social Problem: gender inequality

Wage difference according to gender

Industry	Monthly wage (baht)		Total employees (thousand)	
	Male	Female	Male	Female
Agriculture	3,963.1	4,124.4	25.7	9.7
Manufacturing	8,560.7	6,757.7	702.6	581.8
Service	8,116.5	6,200.5	364.6	536.2

Income inequality



Source: smoothed estimate using data from the World Bank.

Social problems: Inequality

- Increasing inequality between different social groups
 - The poor rice farmer vs. urban middle/upper class
 - Urban middle/upper class vs. urban poor
 - Migrant workers vs. Thai workers
- The life of Thai peasants faced endless cycles of uncertainty, debt and poverty.
 - They are on the losing side of "development".
 - Their best chances at a better life is to look for opportunities outside, but that also come at the cost of them leaving their own communities.

Thailand: welfare provision

Pridi's lost ambition



- Pridi's 1933 economic plan involves the creation of the state/cooperative system that employ every Thais who are willing to work
- The primary goal of the plan was to promote the well-being of "all Thais".
- But his plan failed after facing resistance.

Thailand: Productivist welfare state

- Welfare through economic growth
 - Trickle down system
- Lack of social provision in order to speed up economic development
- Family primary unit of welfare provision
- Preserving traditions, reinforcement of social structures
- Welfare schemes based on employment (social insurance)

Thailand: Productivist welfare state

- Social security scheme: employment based social insurance
 - Unemployment benefits
 - Maternity benefits
 - Invalidity benefits
 - Old age pension
- BUT: only 25% of employed work force insured (14% of the population)

Thailand: pension schemes

Elderly population, 60+, classified by formal and informal occupation

	<i>2007</i>	<i>2008</i>	<i>2009</i>
Formal Sector	1,729,098	1,813,541	1,814,766
Ex-Government Officials	1,664,013	1,727,858	1,726,444
Ex-SSO Members	65,085	85,683	88,322
Informal Sector	7,337,785	7,511,574	7,874,246
Total	9,066,883	9,325,115	9,689,012
Share (%)			
Formal	19.1	19.4	18.7
Ex-Government Officials	18.4	18.5	17.8
Ex-SSO Members	0.7	0.9	0.9
Informal	80.9	80.6	81.3
Total	100.0	100.0	100.0

Thailand: universal schemes

Pension

Social pension by age

<i>Age range</i>	<i>Amount (Baht) per month</i>
60-69	600
70-79	700
80-89	800
90 and older	1,000

Child benefit

- 350 bath per child, maximum 2 children pr. household

Thailand: universal Health scheme

Table 4. The Number of People with Different Health Care Coverage Schemes

	2002	2003	2004	2005	2006	2007	2008
UC	45.35	45.97	47.1	47.34	47.54	46.67	46.95
SSO	7.12	8.09	8.34	8.74	9.2	9.58	9.84
CSMBS	4.05	4.03	4.27	4.15	4.06	5013	5
Veteran	n. a	n. a	n. a	0.12	0.12	0.13	0.13
Private School Teachers	n. a	n. a	n. a	0.1	0.11	0.11	0.11
Population	61.12	62.45	62.54	62.81	62.39	62.41	62.55
Population with Coverage	56.52	58.08	59.71	60.45	61.04	61.63	62.02
% Population with Coverage	92.47	93.00	95.47	96.24	97.84	98.75	99.15

Source: Annual Report of National Health Security Office, 2009

Thailand: social challenges and solutions

- Inequality/poverty → Redistribution
- Informal labour market → Tax funded benefits
- Job insecurity → Unemployment benefits/social insurance?
- Pension → Universal pension scheme
- Gender inequality → Government regulations
Care provisions for children
- Rural development → Productivist welfare schemes ?

Thailand: social challenges and solutions

- Housing → National Housing Authority
- Less reliance on family → State must step in
- Social conflicts → Social citizenship
Democratization
Interest organizations
- Funding → Revision of tax system
Transparency

Vote results

- Income tax
- Inheritance tax
- Provision of welfare