

Social Class

TU101: THAILAND, ASEAN, AND THE WORLD

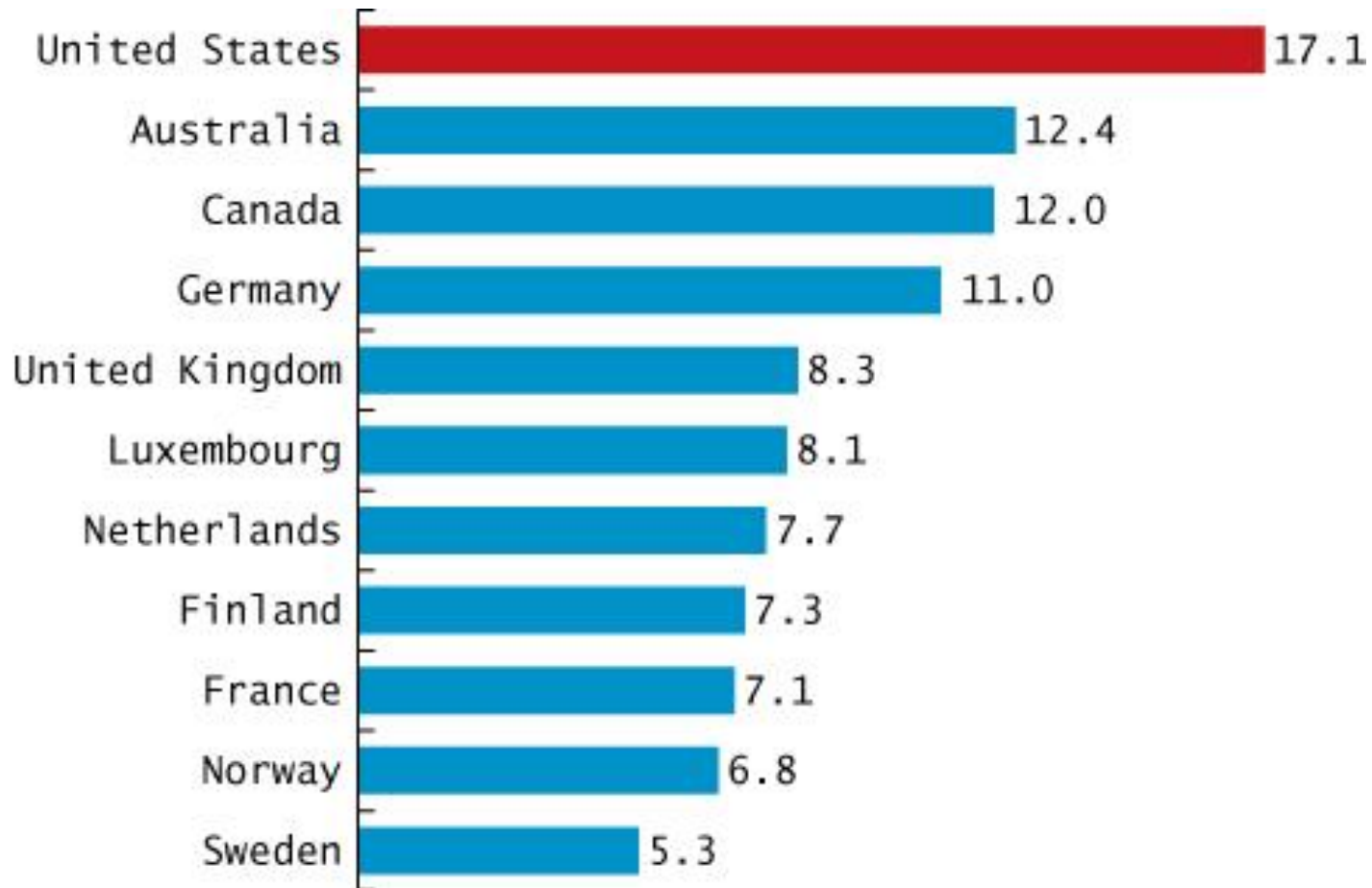
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Social class and inequality

Understanding Inequality

- ***Inequality*** is the unequal access to scarce goods or resources.
- How unequal is Thailand?

International Comparison of Poverty Rates among Wealthy Countries



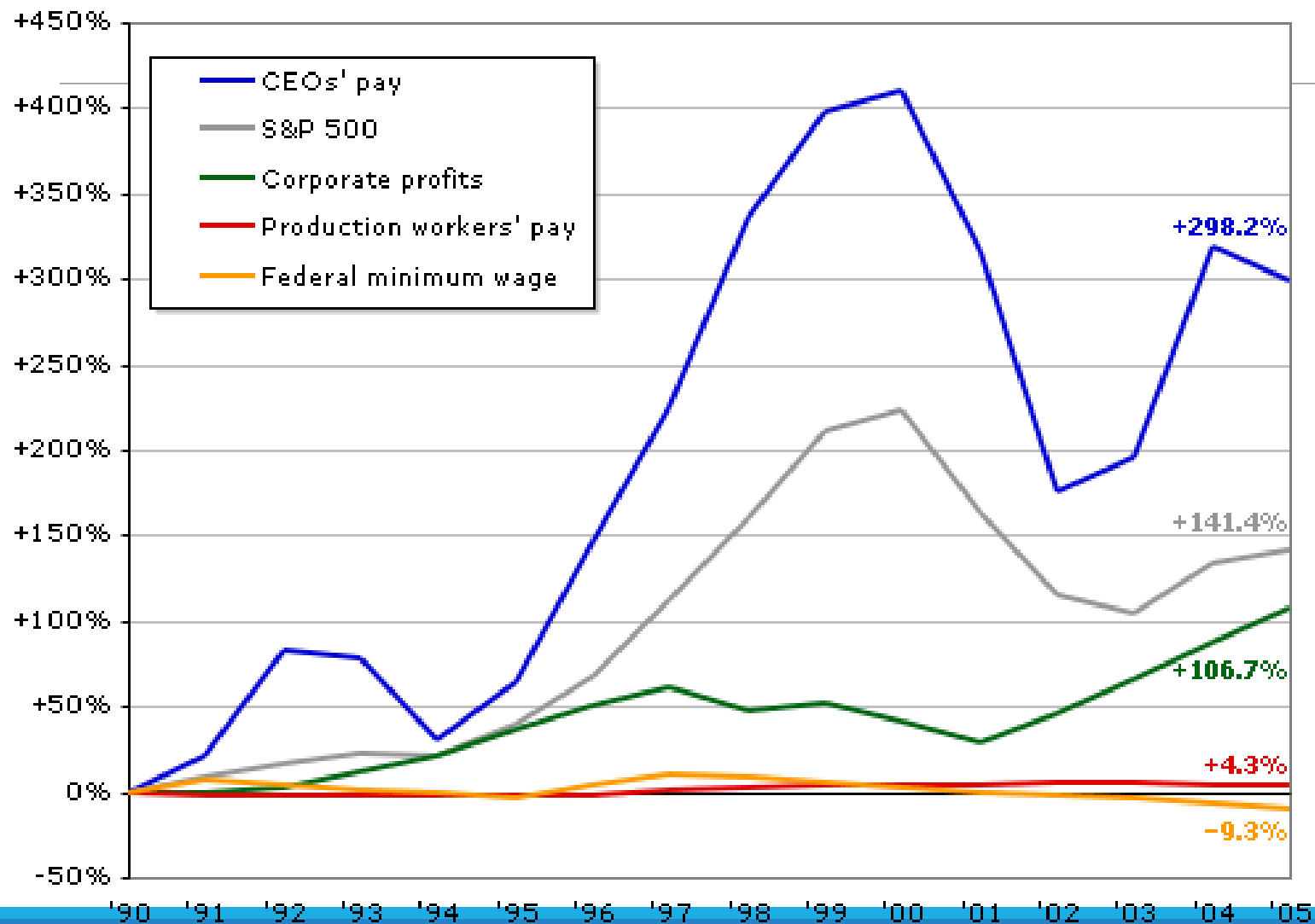
Understanding Social Stratification

- ***Social stratification*** is the division of society into groups arranged in a social hierarchy based on access to wealth, power and prestige. Ex: slavery, caste and social class
- Where people rank in stratification system influences *every* part of their lives in profound ways.
 - What food they eat, where they shop, clothes they wear, schools they attend, income they earn, how long (and quality of life) they live, occupation.

Social Stratification

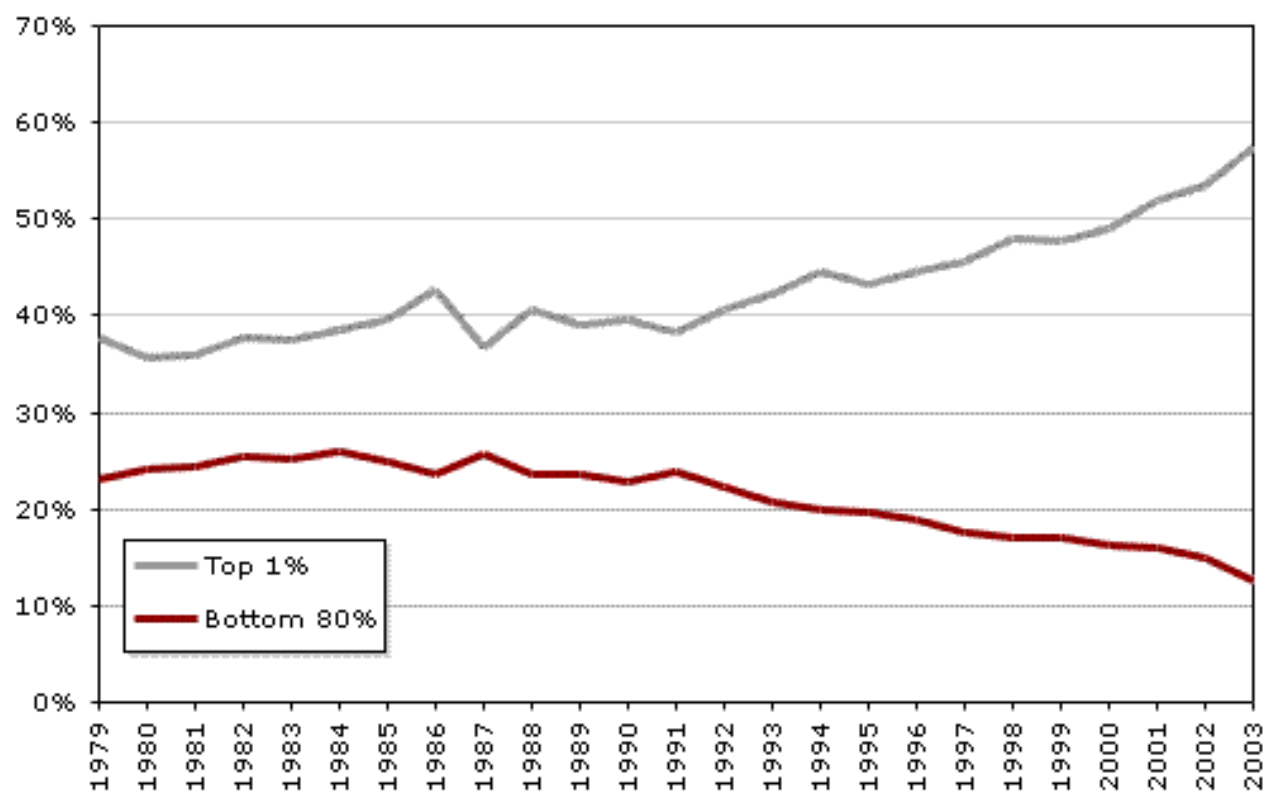
- Every society has some form of social stratification, but societies group people on different criteria (such as race, class, and gender).
- Social stratification is a characteristic of society; it persists over generations, and it is maintained through beliefs (and ideologies) that are widely shared by members of society.
- How are we ok with some having more than others?

CEOs' average pay, production workers' average pay, the S&P 500 Index, corporate profits, and the federal minimum wage, 1990-2005
(all figures adjusted for inflation)



How unequal are we?

Figure 6: Share of capital income earned by top 1% and bottom 80%, 1979-2003
(From Shapiro & Friedman, 2006.)



How unequal are we?

- The top-earning 20 percent of Americans -- those making more than \$100,000 each year -- received 49.4 percent of all income generated in the U.S., compared with the 3.4 percent made by the bottom 20 percent of earners, those who fell below the poverty line, according to the new figures (late 2010).
- That ratio of 14.5-to-1 was an increase from 13.6 in 2008 and nearly double a low of 7.69 in 1968.

What does your living room/neighborhood say about you?



	BLUE-COLLAR OCCUPATION			
	WHITE-COLLAR OCCUPATION			
OCCUPATION	PRESTIGE SCORE		↓	↓
Physician	86	×		
Lawyer	75	×		
Architect	73	×		
Dentist	72	×		
Member of the clergy	69	×		
Registered nurse	66	×		
Secondary-school teacher	64	×		
Veterinarian	62	×		
Sociologist	61	×		
Police officer	60		×	
Actor	58	×		
Aircraft mechanic	53		×	
Firefighter	53		×	
Realtor	49	×		
Machinist	47		×	
Musician / composer	47	×		

	BLUE-COLLAR OCCUPATION			
	WHITE-COLLAR OCCUPATION			
OCCUPATION	PRESTIGE SCORE		↓	↓
Bank teller	43		×	
Welder	42			×
Farmer	40			×
Carpenter	39			×
Child-care worker	36			×
File clerk	36		×	
Bulldozer operator	34			×
Auto body repairperson	31			×
Retail apparel salesperson	30		×	
Truck driver	30			×
Cashier	29		×	
Taxi driver	28			×
Waiter/waitress	28			×
Bartender	25			×
Door-to-door salesperson	22			×
Janitor	22			×

Social Mobility

- ***Social mobility*** is the movement of individuals or groups within the hierarchal system of social classes
- Is Thailand an open system which legally allowed people to move between class?
- How the social structure of Thai society have been changed from the past?
- If Thailand is an open system, why do we see a lack of opportunities to move between classes?

Social structure of Thai society

- In early Bangkok period (1782-1873)
- Viewed as a two-class society (hierarchical society)
 - The upper class, *nai* consisted of the nobles and the princes whose role were mainly governing role
 - The lower class, *phrai* consisted of the ones who tilled the land, giving gifts to and supporting the upper class by offering services



The Upper class “Nai”





**The Lower class
“Phrai”**

Four social groups in two social classes

- Two upper class groups are compared under the *sakdina* system
 - A Thai ranking system based on land ownership and labor control
- Two lower class (*commoners and slaves*)
 - Most of people belong to this class
- Social mobility from the lower class to the upper class can go through the process of *thawaitua*
 - A ritual of presenting himself to the king (need permission and allow a non upper class to go through)
- Therefore, social structure of Thai society prior to 1973 contained little opportunity for upward social mobility.

Chinese immigrants in Thai society

- Majority of Chinese immigrants became wage laborers, an entrepreneurial class of Chinese traders
- Belonged in the middle, between upper and lower class

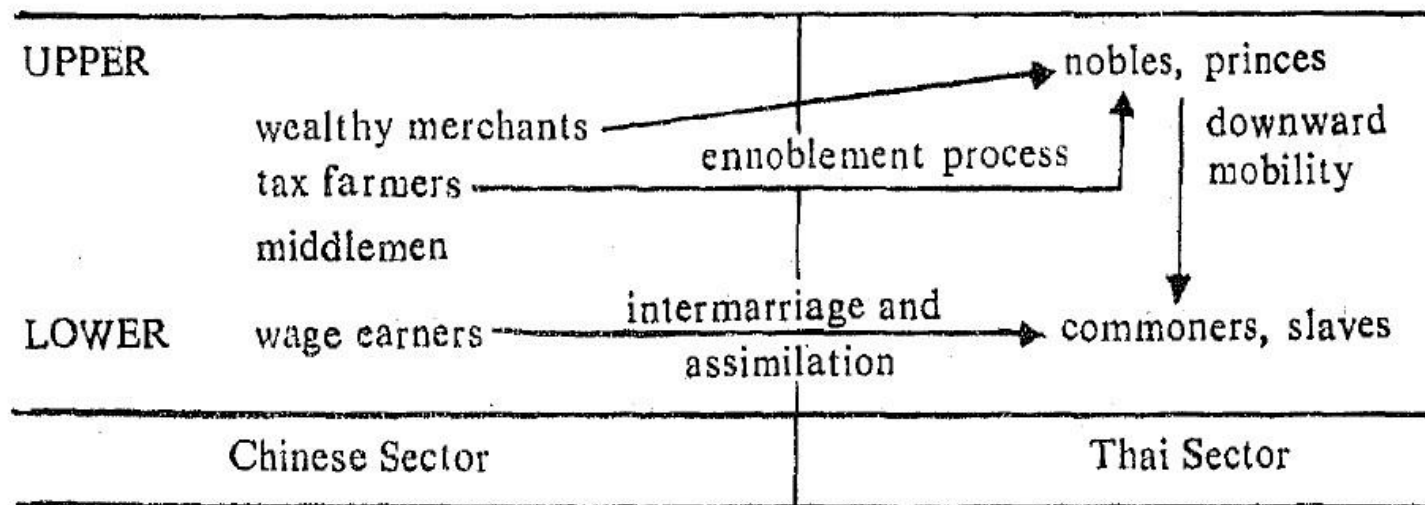
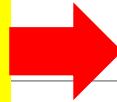


Diagram I: The Social Structure of Thailand during the 19th Century (including the Thai and Chinese sectors).

The Social structure of Thailand at the turn of the 20th century

- Chinese immigrants have had major effect on the pattern of economic development and urbanization in Thailand
- Sino-Thai diplomatic relations has been recorded since the 13th century
- Chinese merchants established residence in Southern and central Thailand

Chinese immigrants in Thai society



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- In the earlier phases of immigration, Chinese men immigrated to Thailand from China, found the jobs in here, and married Thai women
 - Within three generations of Chinese descendants of the early Chinese migrants were completely absorbed into Thai society as the lower class level
 - A few wealthy Chinese traders applied to become tax-farmers and were given titles and ranks and were treated as upper class Thai
 - In the early 1920's, Chinese women also immigrated to Thailand as Chinese government attempted to strengthen Chinese nationalism among overseas Chinese
 - Hence, Chinese men preferred to marry Chinese women instead of Thai women

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- Thai nationalistic movement in the 1930s resulted in the promulgation of anti-Chinese laws on occupation and property ownership
 - Some Chinese joined ethnically based association for mutual protection and economic benefit
 - Decreasing Thai assimilation
 - Based on Skinner (1957) model of his study, Chinese and Thai urban social structure using occupations as the main criteria for class division
 - This diagram only shows the social position of the people

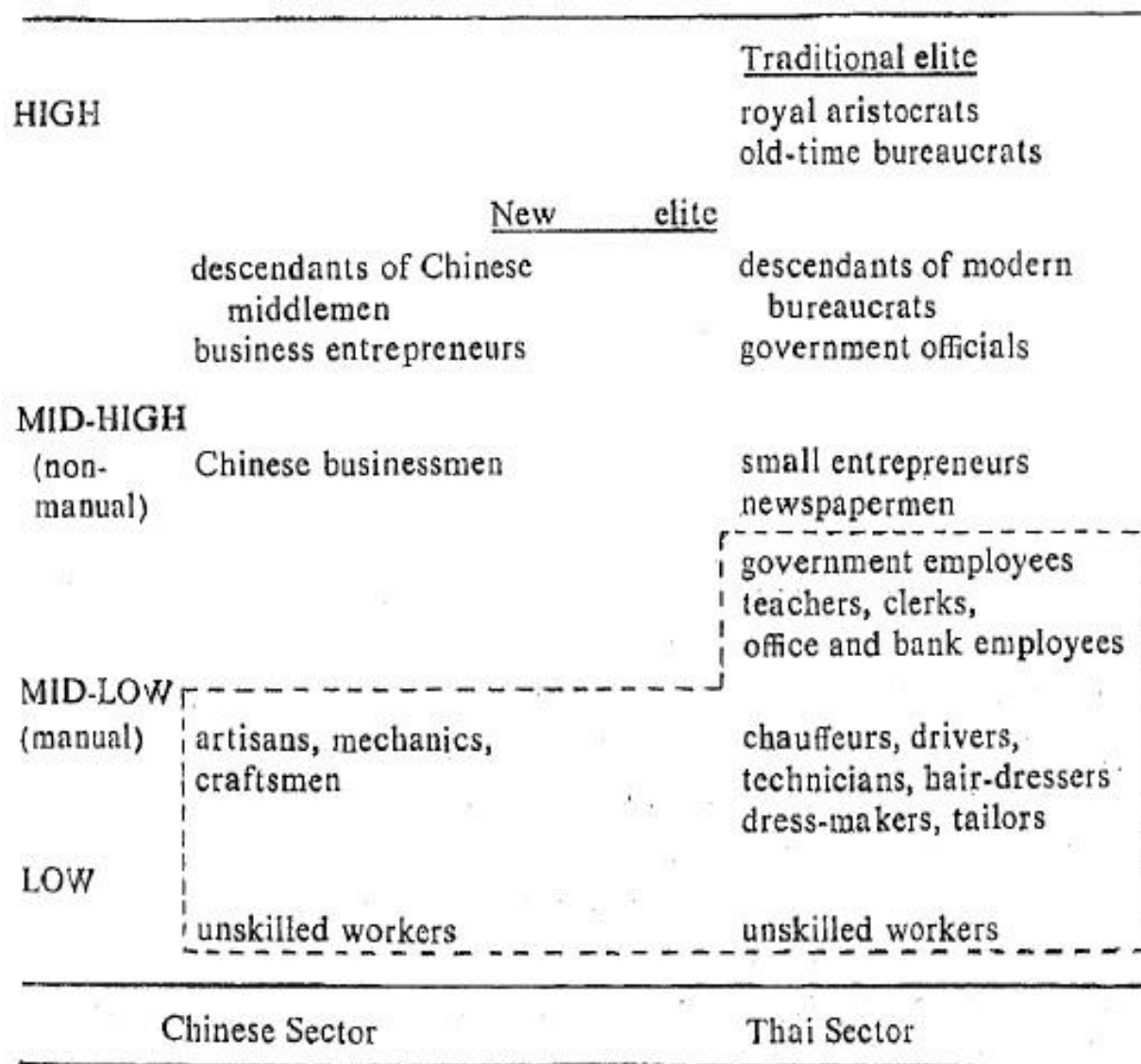


Diagram II: Static Model of Thai Social Structure Showing Positional Relationship Between Chinese and Thai Sectors in Urban Thailand in the Mid-1950's

Billionaires Overseas Chinese in Thailand



กิจการในมือ “เจ้าสัวเจริญ”

นายกองเอก เจริญ สิริวัฒนภักดี

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- ชาบูชิ
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The Social Structure of the rural sector of Thailand

- Absence of status anxiety → simple life
- In the old days the peasant accepted the dominant position of the noble or prince of his area without question
- Today, they accept the central government representative (the district officer)
- Thai peasant is self-reliant and rarely in sharp competition with his fellow villagers

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- The government representatives in the rural areas follow the rules and regulations set up by the central government
 - They belong socially to the hierarchy and social stratification systems of the upper class while living physically among the lower class members
 - In the past, the people in the rural lower class had almost no chance to become members of the upper class
 - Now, social mobility for rural people to move to upper class can be done through the education and trained
 - The changes in political structure from an absolute monarchy to a democracy have also made the distinction between upper class and the lower class less clear

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- Industrialization and urbanization have been associated with job opportunity and with other social processes which move people into intermediate level of Thai society
 - Unskilled workers acquired training and education as a mean to move out from the lower class
 - Rural people moved to urban areas to acquire skill and education

The rise of the middle classes of Thai social structure

- Expansion of middle class during the economic boom in 1987-1995
 - Thai economy grew by 8% on average during this period
 - Expansion of the capital city like Bangkok
 - Increasing of foreign direct investment
 - 93 MNCs with their operations in Thailand in 1993, 53 firms established their country headquarters in Bangkok, while their factories were located in the suburbs
 - The finance, insurance, and real estate sectors grew by 160% in 1989-1993
 - Booming of tourists industry in Thailand
- Hence, the boom produced middle class jobs

- The short supply of professional jobs (business executives, managers, engineers, bankers, accountants, lawyers) → increasing wages
- University graduates and the government officers
- change to private sectors due to the higher payment
 - Higher purchasing power
 - Increasing department store
 - The middle class cultural hegemony was thus successful translate into political power
- However, the financial crisis in 1997 hit the middle class
 - Many financial and banking institutions closed and MNCs shutting down their operations
 - More than 1 million workers lost their jobs
 - 25,000 professionals and 25,000 office workers as well as 43 factory workers were without jobs out of 136,000 workers identified as unemployed in Bangkok
 - 500,000 out of 700,000 university graduates entering the labor market were expect to find no jobs

Social classes and inequality in Thailand



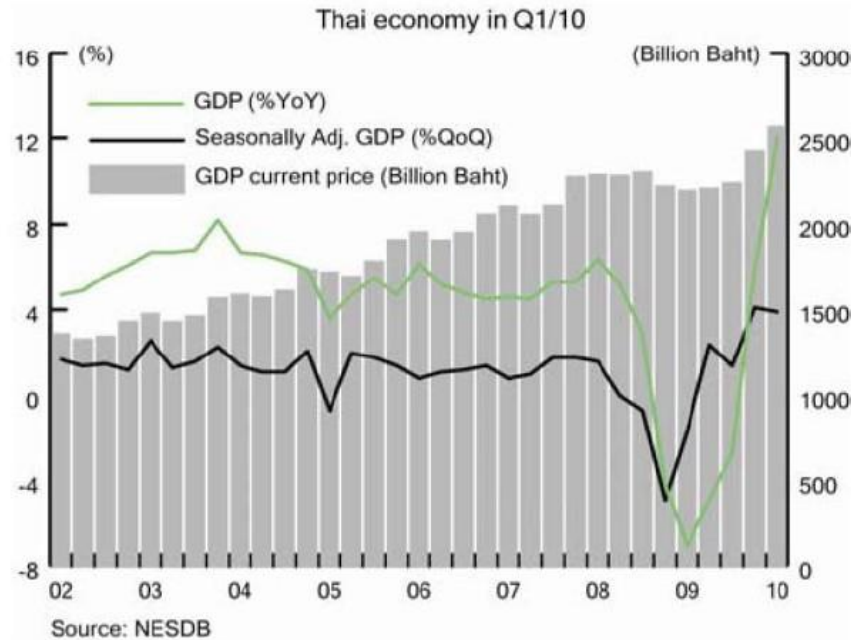
Scenes in the Central World Mall in downtown Bangkok, Thailand on Dec. 8, 2012.

Credit: Ed Kashi

Thai economy

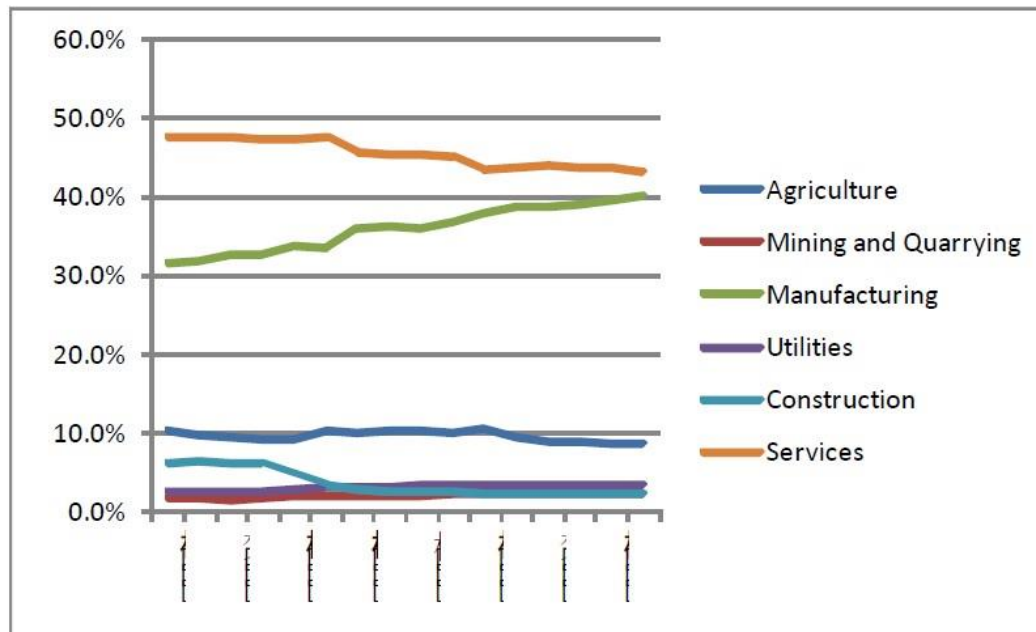
- Between 2002-2004, Thai economy showed remarkably expansion with 6.2% average GDP growth rate
 - Increasing in private expenditure and private investment
- Economic recession in 2008 due to the financial crisis in the U.S.
 - The problem of unemployment
- Thai government used many economic policies to help and support the sector that have been affected by the global economic problem
 - Policies to attract FDI
 - Revenue from tourist industry

Figure 1: Thai Economy in the First Quarter of 2010



- Thai economy in the 1st Q of 2010 grew by 12%
- Household consumption, private investment and exports continued to improve
- International factor- Global economic recover
- Domestic Factors – Farm income rose due to the higher prices of major agricultures, expansion of tourist sector

Figure 2: GDP by Economic Activities, 1998 Prices



Source: NESDB

- Manufacturing and services are the main economic activities
- The agricultural sector is still a big contribution of the country
 - A majority proportion of the country labor force
 - Leads to many social problems → social inequality → other social conflicts

Income inequality in Thailand

- Disparity in the distribution of wealth among the people in the same society
 - Inter-related factors such as preference, education, budget constraint, etc.

Table 1: Thailand Quintiles by Income 1998 - 2007

Population grouped by income	Percentage of Total Nation Income										
	1988	1990	1992	1994	1996	1998	2000	2002	2004	2006	2007
Poorest 20%	4.6	4.3	4.0	4.1	4.2	4.3	3.9	4.2	4.5	4.0	4.4
Second Group	8.0	7.5	7.1	7.4	7.6	7.8	7.3	7.7	8.0	7.7	8.0
Third Group	12.4	11.7	11.1	11.7	11.8	12.0	11.5	12.1	12.4	12.1	12.4
Fourth Group	20.6	19.5	18.9	19.7	19.9	19.8	19.8	20.1	20.2	20.0	20.2
Richest 20%	54.4	57.0	59.0	57.2	56.5	56.1	57.5	55.9	54.9	56.1	54.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Ratio Richest/Poorest	11.88	13.28	14.90	14.07	13.52	13.06	14.55	13.23	12.10	13.92	12.47

Source: Thailand Socio-Economic Survey, National Statistical Office.

- Distribution of wealth has not significantly changed during 1988-2007
 - Thai government policies were not directly attack the income inequality problem
 - Failure in wealth re-distribution
 - In the long term, this causes social conflicts such as the mass protest and social divide within the nation

Education in Thailand

Table 2: Education Attainment of Total Labor Force

Levels	Number			Percentage			Growth Rate		
	1990	2000	2008	1990	2000	2008	1990-2000	2000-2008	1990-2008
None	1,054	1,129	1,106	3.5	3.4	2.9	0.7%	-0.3%	0.3%
Less than Elementary	13,017	14,261	11,783	42.8	43.2	31.1	0.9%	-3.1%	-0.6%
Elementary	6,514	7,188	8,689	21.4	21.8	23.0	1.0%	3.2%	1.8%
Lower Secondary	3,971	4,184	5,708	13.0	12.7	15.1	0.5%	5.3%	2.3%
Upper Secondary	2,612	2,833	4,775	8.6	8.6	12.6	0.8%	9.1%	3.8%
- <i>General/Academic</i>	1,660	1,844	3,565	5.5	5.6	9.4	1.1%	11.6%	4.9%
- <i>Vocational</i>	952	990	1,210	3.1	3.0	3.2	0.4%	3.4%	1.5%
Higher Level	3,264	3,394	5,619	10.7	10.3	14.9	0.4%	6.5%	3.1%
- <i>General/Academic</i>	1,745	1,847	3,104	5.7	5.6	8.2	0.6%	9.0%	3.7%
- <i>Vocational</i>	885	922	1,741	2.9	2.8	4.6	0.4%	11.2%	4.3%
- <i>Teacher Training</i>	634	625	774	2.1	1.9	2.0	-0.1%	3.6%	1.3%
Total Labor Force	31,750	33,973	38,345	100	100	100	0.7%	1.5%	1.1%

Source: Chairat Aemkulwat with data from Labor Force Survey 1990, 2000, and 2008

Inequality and Education

- Education can pull the average human capital up
- Government should subsidize the finance to the low human capital family in their early stage to accumulate more human capital (Galor and Triddon, 1997)
- Wealth inequality has impacted on the country's growth (Galor and Zeira, 1993)
- Policy recommendation is to subsidize to the poor to increase their labor income and hence increase the GDP along with narrow income inequality
- Human capital is a personal asset to help people to move up the social ladders with assumption that *“more skilled labor can demand more wage hence better social status and standard of living”*

Education Trap

- Focus on the income (or economic wealth) effect on the education advancement and the quality of education ones can acquire from society (Sampattavanija, S)
- Education trap can be caused by 2 factors
 - Social structures
 - the cast system prohibits people from the lower cast to be educated in the same school or system as the highest cast
 - the infrastructure different between rural and urban areas

2. Individual or family decision making

- Liquidity constraint such as lower income family with 3 kids

Table 3: Human Development Index: Education Index

HDI rank	Country name	1985	1995	2000	2005	2006	2007
1	Norway	0.916	0.965	0.986	0.988	0.989	0.989
2	Australia	0.903	0.993	0.993	0.993	0.993	0.993
7	Sweden	0.908	0.985	0.993	0.979	0.974	0.974
8	France	0.915	0.964	0.967	0.978	0.978	0.978
9	Switzerland	0.888	0.922	0.936	0.937	0.936	0.936
10	Japan	0.924	0.929	0.937	0.946	0.949	0.949
11	Luxembourg	..	..	..	0.970	0.975	0.975
12	Finland	0.931	0.984	0.993	0.993	0.993	0.993
13	United States	0.946	0.975	0.965	0.969	0.968	0.968
21	United Kingdom	0.891	0.993	0.960	0.969	0.957	0.957
22	Germany	0.901	0.950	..	0.954	0.954	0.954
23	Singapore	0.751	0.823	..	..	0.911	0.913
24	Hong Kong, China (SAR)	..	..	..	0.879	0.879	0.879
87	Thailand	0.758	0.770	0.855	0.886	0.886	0.888
105	Philippines	0.794	0.887	0.880	0.890	0.887	0.888
111	Indonesia	0.658	0.752	0.750	0.837	0.840	0.840
116	Viet Nam	0.730	0.775	0.813	0.810	0.810	0.810
133	Lao People's Democratic Republic	..	0.581	0.642	0.684	0.683	0.683
134	India	0.433	0.504	0.581	0.632	0.638	0.643
137	Cambodia	..	..	0.616	0.697	0.700	0.704
138	Myanmar	0.668	0.693	..	0.787	0.787	0.787

Source: UNDP, United Nation

- Thailand was ranked 87th in the world term of education in 2007

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- With the change of the Thai socio-economic structure and the world economy, it is undeniable that human capital is the foundation of country's sustainable development. What kind the education policy should be?