

In the past, about 20 years ago, many people predicted that Thailand will be the fifth tiger of Asia since Thailand was in the process of becoming a developing country in that time. However, 20 years passed, Thailand still cannot be the fifth tiger of Asia and still be the developing country. Moreover, Thailand seems to have more severe problem about poverty and inequality. World bank estimated that Between 2015 and 2018, the poverty rate in Thailand grew from 7.21% to 9.85% and the absolute number of people living in poverty increased from 4.85 million to more than 6.7 million. Therefore, in this essay, I am going to discuss about what brings Thailand from the expected fifth tiger of Asia to the country that has severe poverty and inequality problems and how we can improve our country.

To improve the country, two main factors that very important to drive our country are politics and economics. We need good policies for both of politics and economics since they are an only way that can improve quality of life of the citizens. I believe that when everyone has a good quality of life, they will perform better work and this can boost the overall performance of Thailand. However, to set the good policies, it is easier said than done since there are many people involved, many restrictions, and sometimes it is hard to set the policy that not causes conflict of interest. Hence, the government need to carefully think of the effect that will occur after the policy is imposed.

Begin with the context of economy, Thailand's economic freedom score is 69.4, which makes Thailand be the 43rd freest in the 2020 index. It is also stated that in Thailand, property rights are guaranteed by law. Secured interested in property are recognized and enforced. The new constitution grants independence to the judiciary, but Thailand's courts are politicized and corruption is common in judicial branch. From this information, in my own opinion, I think the main problems in the economic issues are the degree of freedom in economic and the corruption issues. First of all, it is good to let our country to have high degree of economic freedom since when the government let everyone do their job for their own interests, everyone will perform better because they get what they have done. However, this may cause a huge problem which is the inequality gap. Thailand has a severe issue of the gap between the rich and the poor. The Global Wealth report and Databook, published in December 2018, showed that the richest 1% in Thailand controls almost 67% of the country's wealth. I think the government should intervene to prevent this problem since the very high gap inequality means there is one group of people take almost all of surplus from economy while the other group lose the benefit. The obviously example is a case that 7-11 (modern convenient stores) destroy all of the local convenient stores. At first, some local stores began to lose because

many people go to 7-11 instead of local stores. Actually, the appearance of the 7-11 is a good thing since it brings new innovation. However, like the concept of Schumpeter's creative destruction, there is a replacement of new combination since there is a competition of innovation. It is a zero-sum game. There are always winners and losers. The surplus from one party will transfer to another party which in this case, all the surplus from local stores is transferred to the 7-11. At the end, all of the local convenient stores cannot survive. They all give up and there are a lot of entrepreneur who suffer from this loss. There are also many employers who lose their jobs. The impact from letting some firm have too much power in the economy is bad for the society. In addition, not only entrepreneurs and employers get loss from this but also consumers. When 7-11 have too much power in the economy, they become to have monopoly power in the market. Finally, when 7-11 is an only convenient store in Thailand, they may reduce quality and increase price which affect directly to the consumers. Therefore, to let market compete with each other is a good thing since it leads to new innovation. However, in my opinion, I think it need some degree of regulation from the government to control the power of the firms.

The second thing that I think it is a problem in Thailand economy is economic policy from the government. In my opinion, I believe that the 5,000-baht subsidy that help the poor is very inefficient way to help people in Thailand. I agree with the concept of libertarianism which about free markets that would help nations and individuals in the long-run and fix the efficiency problems. Friedman stated that government should stay out of matters that do not need and should only involve itself when absolutely necessary for the survival of its people and the country. He also rejected the use of fiscal policy as a tool of demand management. I really agree that some fiscal policy like 5,000-baht subsidy is really waste policy. It seems like government solve the problem temporarily since 5,000 baht can help the poor just only one month and when they use all of that money, they will need help again. The problem of the poor will not end with the 5,000-baht subsidy from the government. I would like to suggest solutions to help the poor by educating them. The poor need education to help them having jobs by their own and when they have jobs, they will have ability to live by their own. The biggest problem is the government may already know that this 5,000-baht subsidy policy will not work but they still imposed this policy. The interesting question is why they still impose the policy even though they knew it won't work? In my own opinion, I think, the answer and the incentives lie within the context of politics.

First of all, I am going to begin the paragraph with answering the previous question which about why government still imposed the policy even though they know that it won't work. We have to see the public policies as products. There are two sides of people which can divided by the demand for public policies and the supply of public policies. There are also the other factors such as pressures from international factors, political culture, and asymmetric information. I believe that the main factor that government still set the policy that won't work is the incentive. When there are two group of people involved in the policy imposing, one group that has more power usually attract all the benefit. In this case, I think when the government did campaign for their election, they impose the campaign 5,000-baht subsidy because they knew that there are many poor people who want to get those money. At the end, the government was choosing. Therefore, we can see that the policy benefits the government since they were choosing and it also benefit those poor people who receive the subsidy. Even though, the policy is not efficient and benefit only the minority but because of the power in the government hand, this policy is imposed. This can refer to rent-seeking behaviors which is the activities of the political process to obtain favorable outcomes or to avoid unfavorable one. Interest groups or firms will take all the resources and spend on lobbying. Asymmetric information also causes rent-seeking behavior. Special interest groups can form coalitions and exercise a disproportionate amount of power if they vote in blocks or make campaign contributions. As you can see, government take the money from taxation and spend them on subsidy the poor for government's interest to win the election and the poor chose this government because they want this campaign for their own interest. This is the rent-seeking behavior which makes the outcome inefficient and makes the conflicts with the objectives of other group, which is, in this case, people who pay taxes.

Another example of factor that makes government inefficient is bureaucrat system. In stead of doing good job for citizen's interest, their only aim is to interpret and passively fulfill the wishes of the electorate and its representatives. Bureaucrats tend to focus on maximizing perquisites of public office, public reputation, and power due to opportunities for monetary gains are minimal. They also have incentive to promote activities that increase the supporter's perceptions of the project's benefit. Bureaucrats have informational advantage to present the alternatives as take the project or none at all. However, the bureaucrat doesn't choose the efficient amount for the project but they tend to choose a bigger project which is not efficient such as a larger office, a higher salary, and a larger pension. In the situation of Thailand, in stead of using money to invest in efficient infrastructure structure such as new buses, more

sky train, and other good quality transportation, the government buy the new submarine which cost 36,000,000,000 baht. We can see from this situation that due to the bureaucrat system, they approve the project that benefit them, regardless of other's interest.

Last but not least, because of Thai culture, we care a lot about nata, kiat, and saksi. Sometimes, the government could come up with the better solutions if they try to cooperate with other specialists. However, when they care too much about those Thai culture, they will end up with their own answer since they have to pretend that they are the only person who can find best solutions to make other people think that they have nata, kiat, and saksi.

Since we have seen a lot of problems that keep our country away from being developed country, we have to find solutions that suitable for Thailand. In my opinion, I think our country has economic institutions inclusive and political institutions extractive. I think we have a strong economic system, but we have some problem about politics. In the end, political dominates economic since leader want all of surplus and it brings equilibrium to be all extractive. When citizens lost in the fight of institution transformation, we could not change from extractive institution to inclusive institution. To be more specific, the reason that I think there is political institution extractive in Thailand because the power is in the hands of a few. People cannot think differently. When there are people who want to stand with the other side of the government, they will end up with arrested. There are also no constraints, checks and balance or rule of law for the government which makes the government is above the control.

In conclusion, in my own opinion, I think the main problem that keep Thailand away from being developed country is the political problem. There are many corruption and bribery. There are also many conditions that only benefit the capitalist which makes the bad effect to the other people. To solve this problem, we need to make change about the politician. We cannot accept and be an ignorance in our society since the problems become more severe and are around us. In daily life, if we have a good politicians and government, our quality of life will be better. Therefore, this is the time that we need to reconsider to make a big change in Thailand.