



**Book Review of: "Unequal Thailand: Aspects of  
Income, Wealth and Power". Edited by Pasuk  
Phongpaichit and Chris Baker. NUS Press Singapore,  
2016.**

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This volume, dedicated to inequality in Thailand, is the first comprehensive study of the kind on a much debated and controversial issue in social sciences. It will become for sure a reference book thanks to the quality of the contributions that cover many aspects of inequality.

The volume starts with an introductory chapter written by the two editors which sets directly the debate in the economic and political context of Thailand. Thailand is one the most unequal societies in Asia. To support this view, the authors present an analysis of economic inequalities and how they underpin inequalities of power, social positions and access to resources. And this is the reason why the book is of special importance in this difficult period that Thailand is currently going through. The book enables us to understand that the repeated political crises and coups d'état in Thailand are rooted in those inequalities. This is not a Thai specificity. Pasuk Phongpaichit and Chris Baker remind us that these last years have seen growing concerns over inequality as testified by the Occupy movement opposing the one and the ninety-nine percent. Longstanding inequalities are suddenly perceived as unfair and become a motive of political confrontation against the oligarchy. The academic literature and many reports of official international institutions, not to mention worldwide best sellers like Piketty's "*Capital in the Twenty-First Century*", have precisely renewed the explanations of the origin of inequality in late capitalism and their consequences. This literature is usually confined to advanced economies and rarely include the developing world, and notably Asia whereas they have risen recently in large economies like China or India, or in Southeast Asia. This is this gap that the book fills in the case of Thailand. Using long period data series (1962-2015), Pasuk Phongpaichit and Chris Baker show that income inequality has worsened sharply during the development era and peaked in 1992 at one of the highest level in the world. Several economic and political factors are brought to explain this rising trend that can be found in neighbouring countries. But the particularity of Thailand is the benign neglect of the authorities, while in Malaysia, the government attacked inequalities after the riots of 1969 by implementing a policy of positive discrimination in favour of the Malays which was also a source of durable political legitimacy. In Thailand, the scarcity of labour supply during the boom era (1986-1996) translated into rising wages and led to a decrease of inequality after 1992. But it is only in the years 2000 that a set public policies, such as the universal health care scheme, contributed to this decline in income inequality, which nonetheless stayed at the highest level in Southeast Asia.

This relative improvement in the distribution of income hides a "1 percent problem" at the top of the pyramid. Their income grew around 2.8 times faster than the average and enabled them to save and accumulate an enormous wealth. In Chapter 2, Duangmanee Laowakul analyses this skewed distribution of wealth based on the analysis of household surveys. She additionally looks at the distribution of landholding based on the first ever exploitation of a database of the Land Department. She shows that the concentration of land owning is very high: the top 10 percent of all land holders

own over three fifths, and the bottom 10 percent, 0.07 percent only. An interesting result explaining the connection between economic inequality and politics is that the average holding of the 507 members of parliament which declared owning land puts them in the top quintile of all landowners. The total wealth of the 40 richest families doubled every three years between 2008 and 2011. Wealth is therefore extremely concentrated in Thailand and Duangmanee Laowakul explains this reality by the under-supply of public goods and services due to the limitation of government budget. Public money is lacking not because Thailand is a poor country but because of the low rate of taxation. She proposes a tax on wealth which would fall on relatively few people, given the very high concentration of wealth, while generating much needed public revenues for the supply of public goods.

Chapter three precisely deepens the analysis of one of the most often cited public good, education, which is considered critical for upward social mobility. Written by Dilaka Lathapipat, the chapter is dedicated to inequality in education and wages. He reminds the well-known overall progress in education observed these last decades in Thailand but adds that it was accompanied by growing disparities between socio-economic groups in the access to tertiary education. This is an important source of income inequality due to the importance of tertiary education today to get a well-paid job. The author investigates the relative importance of the factors that determine access to education. He finds that the household's economic status is key for all groups at all ages, that the gap between rural and urban youth has narrowed, and that household income plays an increasing role in limiting continuation to the tertiary level. These growing inequalities at the top of the educational system is magnified by changes in the labour market. The wage gap between those with secondary and tertiary education has widened over time. More, wage inequality within those with tertiary education has also increased which reflects greater variation in the quality of education. Providing fair access to good-quality tertiary education will be key to reduce social inequality in the long-run.

Chapter four, authored by Sarinee Achavanuntakul, Nathasit Rakkiattiwong and Wanicha Direkudomsak, resets the inequality of wealth and asset holding in Thailand in international perspective. While chapter two looked at how inequality of income leads to inequality of wealth, chapter four deepens the analysis of wealth concentration by examining how the capital market affects inequality in return. First, the stock exchange creates an inequality between those who have access to it and those who do not. The Thai government has never seriously taxed financial gains and has even granted tax exemptions to investors. Second, the stock exchange creates an inequality between the 200 hundred richest families who usually have access to inside information and the vast majority of investors who depends on public information. They give several examples of how "insiders" have benefited from loopholes in regulation or from the non-enforcement of rules that would normally guarantee the disclosure of information to all investors. Moreover, stocks linked to politics are of particular importance in Thailand due to the strong links developed by politicians and some investors. The possibility to use nominees to avoid revealing the true identity of shareholders is an important mechanism that allows politicians to forge these relations. The authors have tracked 57 of such "political stocks" at the time of three general elections between 2005 and 2011. They have found abnormal returns in all cases although they cannot distinguish clearly between those manipulating political stocks and those merely speculating on them. But they cannot avoid the conclusion that "... loose regulations persist because certain parties benefit" (p 70) to the expense of the many.

Chapter five looks at another venue where former ministers and prime ministers, heads of major government agencies, previous commander-in chief of the army or deputy-chiefs of the police, judges, members of parliament, meet people of the media and business. The opportunity is given by "special executive courses", where nobody comes for training and the value of the certificate, but for

networking. Nualnoi Treerat and Parkpume Vanichaka describe how the elite reproduces itself in these quasi-schools or academies that the vast majority of Thais knows nothing about. They give a comprehensive view of the 6 major academies created by public or private institutions, like the army, the judiciary, the Thai Chamber of commerce or the Stock Exchange of Thailand. They focus on the latter and its Capital Market Academy, one of the most popular one. In a masterful analysis of the content, character and recruitment of the academy, they give valuable insights of the bonding and culture that emerge during the numerous social and leisure activities that the applicants of a same class are encouraged to develop. It is a culture of “unconditional commitment to help colleagues in every possible way” for the rest of their life. The Stock Exchange can then mobilise this network to draft the necessary recommendations and submit a plan to the government to liberalise and expand the stock market. This capture of the state by the elites is possible because these academies merge all the relevant circles of power circumventing the principles of good governance such as transparency, fairness and overriding checks and balances. 62 individuals of the 40 richest families of Thailand have attended these executive courses. It is then no wonder that the Thai stock markets are so politicised.

Nopanun Wannathepsakul invites the reader in chapter 6 to another immersion in this public-private world by taking the example of two holding companies of the energy sector: PTT Pcl, a state-owned enterprise (SOE) specialised in petroleum, which has been partially privatised as a public company, and the Electricity Generating Authority of Thailand (EGAT) a fully government-owned enterprise. Both holdings have created subsidiaries and affiliates with other private or state-owned enterprises. While the holdings are subject to laws regulating SOEs, their subsidiaries are subject to either public or private laws. Their executives are chairpersons or directors on several boards and members of public agencies that supervise these entities. They are generously paid for these multiple and a priori contradictory positions. The author shows how these hybrid organisations have been created by a very powerful “network bureaucracy” entrenched in the state apparatus across all ministers and agencies involved in the energy sector in some way. This bureaucracy has made sure that the two holdings had received the support of the state to overcome all obstacles to a rapid expansion to become competitive on a world scale. This constant assistance was never subjected to public scrutiny. The author shows that this has created situations of conflict of interest and lack of transparency threatening the rights of consumers, the safety of those victims of pollution, and the quality of the environment. The hybrid status of many enterprises and their complex relations help to circumvent the anti-corruption laws that are supposed to impede conflict of interests. The network bureaucracy was even able to benefit from the 2006 coup d’état to amend several laws to increase its power and escape control. In the end, national champions were created at a huge social cost to the benefit of a few thousand shareholders, many of whom holds these shares through political connections illustrating another case of inequality.

Chaiyon Praditsil and Chainarong Khrueanuan in chapter seven draw the reader’s attention to inequality at the local level. The gap between Bangkok and the provinces is a well-known fact but tends to occult higher inequalities within some provinces. With the progressive decentralisation of power to local government and the deconcentration of economic activities, small groups of local families have seized the opportunity to make money and get hold of political life. The chapter examines the process that led to what the authors call the rule of “single faction dominance” in one province. A first round of accumulation of wealth over the period 1970-1990 stemming from illegal activities or government-granted concessions led these families to invest in politics through networking and “influence”, meaning power not recognised by law, including the use of violence. Once established, this new political power was leveraged for another round of wealth accumulation into more legal business. By the 1990s, the single faction dominated the provincial political life from the

top down to the village and decentralised institutions. Challenged by globalisation and internal contestation in the 2000s, the single faction was able to recover. This chapter shows how such concentration of wealth in a single family contributes to inequality by restricting opportunities to everybody else.

In the final chapter, Ukrist Pathmanand returns to the analysis of probably the most efficient and enduring political and business network ever developed in Thailand. The one constituted by Thaksin Shinawatra, whose family belongs to the top 40 richest of Thailand mentioned in the previous chapters. He analyses two networks built by Thaksin. The first was a classic one constituted to seize power. It was made of members of the traditional elites that had supported his conquest of power to get favours in return. It won two landslide elections. And the second, constituted after he was deposed by the 2006 coup d'état. In the second one, the traditional elites had withdrawn. The new network relied only on grassroots supporters, middle-level businessmen and local politicians. The first network was a pyramid, the second a web. It was resilient despite all efforts of the elites to crush it, because of unprecedented level of mass involvement in politics, helped by modern media and communications. Many groups were motivated by the defence of democracy, social justice and the interests of the regions. The Red Shirts were the most politicised and epitomised a new interest in electoral politics to get as much as possible. This second network had gone beyond the bounds of what the "flexible oligarchy" of Thailand could tolerate and therefore it spared no effort to destroy what the author calls "Network Thaksin". The return to an older type of oligarchy means the weakening of democracy and the widening of inequalities. The author questions the sustainability of this outdated authoritarianism in today's Thailand.

This book, written by Thai scholars, brings to the reader a rich body of knowledge on inequality located at the confluence of economics, sociology and political sciences that is rarely available to the foreign reader. We highly recommend its lecture.