

# Income Distribution in Thailand Its Changes, Causes, and Structure

by Yukio IKEMOTO

Institute of Developing Economies

# Income Distribution in Thailand

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# INCOME DISTRIBUTION IN THAILAND

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INSTITUTE OF DEVELOPING ECONOMIES

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## **Income Distribution in Thailand: Its Changes, Causes, and Structure**

**Yukio IKEMOTO**

Income distribution has been one of the most important issues in Thailand since the latter half of the 1960s. As in other developing countries, an import-substitution industrialization policy was adopted in Thailand at the beginning of the 1960s. This policy was successful in a limited sense, in that it raised the growth rate of the industrial sector. But the spill-over effect did not work well enough to raise the income level of the non-industrial sector, which worsened the income distribution and therefore turned it into an important issue.

The aim of this study is to make clear the changes in income distribution between 1962 and 1986 and investigate the causes of this change. In Thailand it is generally believed that income inequality has been increasing since the 1960s. But one result of this study is to indicate that this is not necessarily true. In 1975 not only did income inequality in the whole kingdom improve but the rural-urban gap also decreased. This rural-urban gap remained stable until 1981. In the first half of the 1980s, however, income inequality increased very rapidly due to the worsening economic environment and the government's conservative economic policy. But the *1988 Socio-Economic Survey* indicates that income inequality again decreased in the latter half of the 1980s.

Yukio Ikemoto was born in 1956, educated at the Faculty of Economics, Kyoto University, and engaged in research at the Institute of Developing Economies from 1980 to 1990. He is now an associate professor at the Center for Southeast Asian Studies, Kyoto University. He has been conducting research on income distribution as well as on economic development policies in Asian countries, especially in Thailand.

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