

# ผลวัดความเหลื่อมล้ำทางเศรษฐกิจระหว่าง จังหวัดในประเทศไทย

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# Summary

- Output divergence (increasing output inequality)
- Income convergence (decreasing income inequality)

# Findings: Output Divergence (More Inequality)

- Using GPP data, there is evidence of an increase in inequality in the last 30 years, except in few short periods.
- To explain this increase in inequality, two tools are used:
  - growth equation
  - productivity equation

## Finding: Output Divergence (More Inequality)

- From growth equation, factors that contribute to growth of each province is share of industrial output.
  - High industrial share  $\Rightarrow$  high growth
  - But other factor such as population size and education play *no or negative* role in growth. This seems to contradict the result from productivity equation.
- From productivity equation, there are evidences of increasing return:
  - population density  $\Rightarrow$  high productivity  $\Rightarrow$  high growth

# Increasing Returns?

- In depth study should be pursue to reconcile the difference from growth estimation and productivity estimation.
- A potential explanation why population does not affect provincial growth in the growth equation.
  - Population affects growth of industrial provinces and agricultural provinces differently.
- We may try to separate sample of industrial provinces and agricultural provinces.
- We may add various interaction terms such as  $\text{population} * \text{industrial\_share}$  to the growth equation.

# Policy Variables

- How government spending and policy might affect growth and inequality?
- Does the government policy in each period play roles in the inequality dynamic?

## Finding: Income Convergence (Less Inequality)

- Using SES household income data, there are evidences of income convergence (less income inequality).
- A possible explanation proposed is that household income includes remittance and reduce inequality between urban and rural areas.
- This is a very interesting to explore in a formal study.

# Price Level

- Are income data adjusted by the price level of each province?
  - If the data is not adjusted by different price in each province, real income of big cities will be over estimated and inequality will be also over estimated.
    - Without adjusting price level, Bangkokians seems to be very rich.



# Decomposing Inequality by Income Sources

- To see how different incomes source contribute to total income inequality, income inequality should be decomposed by its source such:
  - labor income, asset income, government transfers, remittance.
- Moreover, it will be insightful and relevant to policy makers to find the determinants of the dynamics of each income source.

# Migration and Inequality

- How migration affects income inequality?
  - Cons: Migration together with increasing returns exacerbate inequality. (Output Divergence)
  - Pros: Remittance alleviate inequality (Income Covergence)
- Pros or cons dominate?

# Final Remark

- If the pros dominate as suggested by the paper, it has an interesting implication:
- Agglomeration and output inequality may be a good thing because:
  - It is efficient and more productive to have agglomeration.
  - It also reduces income inequality. (It will be interesting to test whether more output inequality => less income inequality.)
- This may be counter-intuitive but from economic perspective, migration to cities should be promoted.

Thank you