EXTENDING STATE BENEFITS TO VULNERABLE WORKERS IN THAILAND

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Abstract

The goal of this article is two-fold: 1) to give an overview of the availability of the new social insurance scheme for workers in the informal sector in Thailand; and 2) to analyze imperfections of this particular scheme in terms of difficulties in practice. The criteria used for analysis are based on the distinction in the social insurance scheme between formal workers and informal workers. It seems to be equally fair, but in reality it is not. The basic concept of social insurance is also examined to provide an understanding of state benefits provided by the government. Finally the paper attempts to offer other alternatives to increase economic security for informal workers, other than social insurance, based on the strength of Thai communities.

Introduction

Many nations have some sort of social welfare programme, with varying ranges of benefits. Some are totally financed by the government (from taxes), but most rely on regular contributions from individuals, employers, and possibly also the State. For example, Britain has long had a 'National Insurance' system which provides free medical services (doctors, clinics, hospitals), old-age pensions, and other benefits, paid for by monthly contributions to the State from employers and employees, with relief for the low-paid and unemployed. Singapore has long had its CPF (Central Provident Scheme), with monthly contributions, aimed mainly at providing healthcare and a retirement pension (Low and Aw, 2004). Hong Kong has its MPF (Mandatory Provident Fund) which provides retirement income, funded by contributions from employees and employers (MPF, 2003).

Korea developed a three-pillared pension system: a mandatory National Pension System established in 1988, covering all citizens (except government employees), funded by contributions from employees and employers; a Retirement Allowance System, mandatory on all organizations employing more than five people, funded solely by the employer, but using insurers and fund managers; and a voluntary Personal Pension system, paid for entirely by an indi-

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