

Socio-economic Silence in the Three Southern Provinces of Thailand¹

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1. Background of the Problem

The unrest in the three southernmost provinces of Thailand - Narathiwat, Pattani and Yala - that erupted at the beginning of 2004 is not a stranger to Thai society. The causes of the problem are believed to be past political conflicts between Pattani and Bangkok, the religious gap, unfair treatment of the local people who are mostly of the Malayu ethnic group, criminals and, more or less, the socio-economic inequality between people in the area and the rest of the country. But the degree to which these factors contribute to the problem are still unknown. Some agencies make uses of the problem and fuel the situation.

Among other things, the Thai government believes that poverty reduction is a key solution. It is also believed that poverty in the area has been driven by many socio-economic factors. Examples of these are illiteracy, unemployment, and low income. Huge budgets were allocated to the areas in anticipation of a better situation. A significantly sized special armed force was also mobilized in the area. Not to mention the effort of the government to support and establish the Islamic Bank of Thailand, the Institute of Halal Food Standard, the Halal Science Center, and a Halal Food Industrial Estate at Pattani, all of which are expected to utilize the potential of muslims in Thailand.

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This paper does not attempt to explain the whole story behind the unrest. It aims to provide the facts from one point of view among many. Following this introductory section, Section 2 provides some background information about the area and about muslims in Thailand. Section 3 presents and discusses economic growth, and changes in the spatial income gaps and the incidence of poverty, at the national level, regional level and provincial level. This section will point out that the economic conditions of the three provinces, i.e. Narathiwat, Pattani and Yala, have been hidden behind the scenes because it has been outperformed by the other two richer provinces in the same region, i.e. Songkhla and Phuket. Some major government policies will also be examined in Section 4. The next section presents various socio-economic aspects of the three southern provinces which are crucial to explain the unrest and poverty problem. These are population structure, education background, economic structure, income, and unemployment. Data presented in this paper, although not confidential, have rarely been made available to the public. The final section summarizes the paper and suggests some policy improvements.

2. Muslims in Thailand and the Three Provinces

It has been believed that differences in religion between the majority of Thais and the muslim minority is part of the problem. Thus, this section begins with the religious background of the Thai population. The Population and Housing Census is the only data source that provides religious information, as well as other socio-economic information. The census has been conducted every ten years and the most recent census was in 2000. It should be noted that although a census is supposed to cover the whole population, around 5% of the Thai population were not included in the census 2000.

Based on the census, there were nearly 61 million Thai people in 2000 of which more than 8 million and less than 2 million lived in the South and the three Southernmost Provinces, respectively. In terms of religion,

muslims shared less than 5% of the total Thai population. The share was higher in the South and especially in the three provinces, i.e. around 28% for the South and more than 78% for the three provinces.

The ethnic background of muslims in Thailand differs across regions. In the North, muslims are of the South Asian and Chinese ethnic groups. In the Northeast, the majority of them are of the South Asian background. Muslims in Bangkok and Central region have mixed background, especially Thai, Malayu, South Asian, and Persian. As already mentioned in the previous section, muslims in the South are mostly of the Malayu ethnic group. However, the ways of life of all of them are guided by Al Quran and the teachings of the Prophet Muhammad.

Also important is the fact that the muslim populated areas tend to be poorer than other areas of the country. While the per capita income of the South and the three provinces in 2001 was around 54,176 and 40,467 Baht, respectively, the national average per capita income of Thailand was much higher at 81,435 Baht. This significantly affect their well being and social status.

It should be noted that reports of various muslim organizations are different from this official data. The reports state that the total muslim population in Thailand could be as much as 6 millions or around 10% of the total population of Thailand, i.e. more than three times the official figure.

However, differences in religion between the majority of Thais and the muslim minority should not be brought into the problem. Muslims played important roles in the Thai history and have shared equal burden in every crisis of this country. They live in every parts of Thailand where there is no severe poverty or serious conflicts.

Table 1: Religious Background of Thai Population in 2000.

Population Group	Whole Kingdom	South	Three Provinces
Total Population (million)	60.916	8.087	1.674
Per Capita Income (Baht)	81,435	54,176	40,467
% Share of			
Muslim Population	4.6	27.8	78.2

Sources: 1). Calculated from the Population and Housing Census 2000, National Statistical Office.
2). Office of the National Economic and Social Development Board.

3. Economic Growth, Income Inequality and Poverty Changes

This sections aims to provide some background information on two important economic indicators, economic growth and poverty changes. In terms of growth, it is crystal clear that the three provinces have performed relatively poor in comparison to other provinces. In the case of poverty changes, the story is different. The allocation of government expenditure is also briefly examined in this section.

3.1. Economic Growth

This sections aims to present the facts behind the economic performance of the South that has been overlooked since the regional data are dominated by the performance of two richer provinces of the region, Songkhla and Phuket.

It was only the pre-1996 period that economic growth in the three provinces went in harmony with other provinces of Thailand. Between 1981 and 1986, the annual average growth rate of Thailand's GDP, GRP of the South, and GPP of Songkhla, Phuket and the three provinces was around 5-6%. Between 1986-90, the performance differed slightly. While the annual rate of growth of the country was nearly 11% and that of Songkhla and Phuket was nearly 12%, those of the South, including the three provinces, was only around 9%. The situation over the 1991-96 period was slightly different when

the South and, especially the three provinces, performed relatively poorly in relation to the national average.

Moreover, after the onset of the economic crisis, the tide turned back between 1996 and 2001. While the South, especially the two richer provinces, showed signs of recovery, the three provinces as well as the whole country were still in economic depression. The average growth rate of the three provinces and the whole country was -0.24 and -0.33%, respectively. The poor performance of the three provinces has significant consequences on their income, especially that of the poor.

Table 2: Average Growth of GPP at Constant 1988 Prices, by Area.

Areas	1981-86	1986-91	1991-96	1996-2001
Whole Kingdom	5.37	10.93	8.09	-0.33
South	5.61	9.02	7.07	0.49
- Two Provinces	6.04	11.58	6.70	1.52
- Nine Provinces	5.55	7.99	7.37	0.23
- Three Provinces	5.22	9.01	6.55	-0.24

Note: Calculation Based on Five Year Geometrical Average.

3.2. Regional Income Disparities

In a geographical context, income inequality is primarily concerned with the income positions of regions or provinces in relation to each other. Changes in income inequality indicate how the benefits of economic growth of the country are distributed among regions and provinces. Changes in income inequality are socially subjective and are tolerable as long as the process of changes leads to absolute gains for all and does not preclude future and more desirable distributional changes (Adelman and Robinson, 1989). In this context, changes in geographical income inequality will be investigated in this section.

Despite the fact that the average income of the South and the three

provinces is much lower than that of other parts of Thailand, the income gap tends to widen continuously. GPP per capita of the South that was 77.83% of the country average in 1981 went down to 72.24% in 1986, and fluctuated around 67% in 1991, 1996 and 2001. It should be noted that the gap will be wider if the two wealthy provinces, Songkhla and Phuket, are excluded. The average income of the two provinces (around 100% of the national average) was much higher than the regional average.

What is more, the income gap between Narathiwat, Pattani and Yala, and other parts of Thailand drastically widened. The per capita GPP of the three provinces that was nearly 60% of the national level in 1981 went down to less than 59% in 1986 and less than 53% in 1991. Although it increased slightly to over 54% in 1996, the per capita income of people living in the three provinces dropped dramatically to less than 50% of the national level in 2001. This continuously widening income gap points to a need for special and positive attention from the government.

Table 3: Per Capita GPP at Current Prices and Regional Per Capita Income Index.

Areas	1981	1986	1991	1996	2001
Whole Kingdom	15,933 (100.00)	21,586 (100.00)	44,307 (100.00)	76,847 (100.00)	81,435 (100.00)
South	12,401 (77.83)	15,593 (72.24)	29,345 (66.23)	52,588 (68.43)	54,176 (66.53)
- Two Provinces	16,622 (104.32)	21,378 (99.04)	43,417 (95.73)	74,702 (97.21)	84,050 (103.21)
- Nine Provinces	12,198 (76.56)	15,109 (69.99)	27,164 (61.31)	49,653 (64.61)	49,873 (61.24)
- Three Provinces	9,500 (59.62)	12,676 (58.72)	23,400 (52.81)	41,711 (54.28)	40,467 (49.69)

Note: Figures in parenthesis are index of which the national figure equals 100.

Source: Office of the National Economic and Social Development Board.

3.3. Poverty Changes

The per capita income of the three provinces has been relative low and decreasing in relation to the average of Thailand and other provinces of the South. This has important consequences on poverty which is one of the important measures of development. Increases in poverty incur hardship. When income becomes so low that people cannot survive or maintain their normal activities, their poverty indirectly create problems for those who are not poor and becomes a cost to the whole society. Not to mention all forms of discrimination which are also causes of deprivation and will never improve the situation.

Thailand is always very proud to claim that she has been very successful in poverty reduction. The percentage of poor in the total population that was nearly 35% in 1988 decreased continuously to around 29% in 1990, 26% in 1992, 19% in 1994 and 14% in 1996. Although the 1997 economic crisis brought it back slightly to 15.52% in 1998, the incidence of poverty went down to 12.40% in 2000 and 8.91% in 2002.

The South has never been regarded as the poorest region in Thailand. The percentage of poor in the total population of the region has been far less than that of the poorest region, the Northeast. In 1981, while the incidence of poverty was 49.49% for the Northeast, it was 33.84% for the South. This was slightly more than that of the North, 33.13%. The South was regarded as the second poorest region until 1996 when poverty incidence of the South was surpassed by the North. In that year, the incidence of poverty in the Northeast and the North was 22.19 and 15.47% while it was 12.27% for the South. Following the 1997 economic crisis, the South was recorded as the second poorest region again in 1998. But after that, the situation reversed. Poverty incidence in the South went down to 10.74 and 8.70% in 2000 and 2002, respectively. The incidence of poverty in those years was 24.21 and 15.92% for the Northeast, and 10.89 and 8.91% for the North.

The story for Narathiwat, Pattani and Yala was totally different.

Poverty in the three provinces that fluctuated around 45% between 1988 and 1992 decreased steadily to 38.96% in 1994 and 31.79% in 1996. However, it rose drastically to nearly 43% in 1998, after the onset of the 1997 crisis, before dropping sharply and continuously to 30.15% in 2000, and 25.71% in 2002. In other words, ignoring the short interruption by the economic crisis, less than 19% of the population in Narathiwat, Pattani and Yala were brought out of poverty in 14 years. This performance is considered to be relatively poor in comparison to other provinces of the South. For Songkhla and Phuket, nearly 20% of the population went out of poverty in the 14 years while more than 28% of the population in other nine provinces of the South went out of poverty in the same period. In other words, while the majority of the South enjoys the benefit of poverty reduction, very poor people living in the three provinces were left in grave poverty and still need proper attention from the government. There are many factors behind this. The depletion of natural resources and unemployment problems are two of them. Migration to Malaysia has been seen as a way out of poverty.

Table 4: The Percentage of Poor in Total Population, by Area.

Areas	1988	1990	1992	1994	1996	1998	2000	2002
Whole Kingdom	34.99	29.29	25.85	18.89	13.81	15.52	12.39	8.91
Bangkok	2.91	2.41	1.32	0.56	0.06	0.26	0.31	0.46
Vicinity	11.36	4.11	3.91	2.71	1.56	0.75	0.18	1.10
Central	26.36	22.52	14.16	9.72	6.79	5.92	5.06	4.19
North	33.13	24.67	25.40	16.68	15.47	16.18	10.89	8.91
Northeast	49.49	44.47	41.94	31.31	22.19	24.88	24.21	15.92
South	33.84	30.03	22.98	20.17	12.27	18.59	10.74	8.70
- Two Provinces	22.05	16.85	13.57	3.18	3.04	2.27	3.03	2.22
- Nine Provinces	33.69	28.14	18.62	18.91	8.17	14.76	7.05	5.38
- Three Provinces	44.22	45.78	44.87	38.96	31.79	42.61	30.15	25.71

Note: Calculated from Household Socio-economic Survey of the National Statistical Office. Official regional poverty lines are used in the calculation.

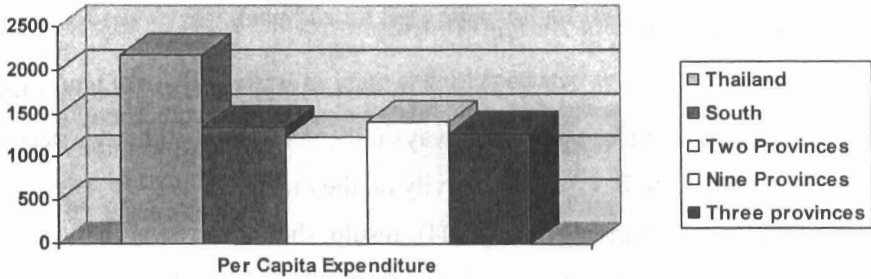
4. Government Policies

4.1. Government Budget Allocation

The role of the government in poverty reduction and income distribution can be addressed in two ways – the tax system and the expenditure system. Past studies focused heavily on the incidence of the tax system. As pointed out by Warr and Isra (2004), results show that the tax system of Thailand is roughly neutral, i.e. it favors neither the rich nor the poor. Regarding the distributional effects of government expenditure, results of Chalongphob and Direk et al. (1999 in Warr and Isra, 2004) indicate that the overall allocation of government expenditure was in favor of the poor. Based on data for the provincial allocation of government expenditure, Warr and Isra (2004) found that non-poor provinces received similar levels of expenditure as poor provinces. Thailand's poor tends to benefit from the government's poverty related expenditure, but not significantly more than they do from other forms of government expenditure. Since the three provinces are among the poorest provinces of the country, the conclusion has some important implications and point to a need for further investigation.

Based on the same set of data as Warr and Isra (2004), the allocations of government expenditure to the three provinces in relation to other provinces in the South and the rest of Thailand are examined in this section. These are summarized in the following Figure 1. Strikingly, results show that people living in the three provinces and other provinces of the South received smaller budgets than the average of Thailand. The author does not have expenditure allocation data in the years after 2002. However, based on the allocation in the year 2002, more expenditure for the areas is needed. Regarding poverty reduction, a further look into the allocation of poverty related budgets to the poor in these provinces will be very interesting.

Figure 1: Per Capita Expenditure Allocation in 2002.



Source: The Comptroller Office.

4.2. Policies Favor Muslims in Thailand

Thailand has many initiatives to enhance the potential of muslims in the country. Examples are the establishment of The Islamic Bank of Thailand, The Institute for Halal³ Food Standard of Thailand, The Halal Science Center, and a Halal Food Industrial Estate. In fact, the Thaksin government is the most active government in this kind of initiation. However, the success and failure of them in terms of economic growth and development are subject to further investigation.

The idea of setting up an Islamic Banking System was initiated by the Chaowalit government, was delayed during the Chuan government, and was born under the Thaksin government. An Islamic Bank in Thailand was first established under The Islamic Bank of Thailand Act A.D. 2002. The bank is a special financial institution operated under the supervision of the Ministry of Finance, not the Bank of Thailand as normal commercial banks. It aims to provide financial services under Islamic principles, to promote savings and investment among muslims as well as non-muslims, and to be a center for international trade and investment linkages, especially with the muslim world. It is also expected to be a means for the socio-economic

³Halal is an Arabic word that means lawful or permissible for consumption and utilization. It covers not only food but also other products such as medicine and other matters. Haram is the antonym of Halal.

development of muslims in Thailand which has stagnated partly by the lack of a zakat funding agency and a financial media that is operated under Islamic principles, i.e. free of interest, monopoly power, hoarding, price speculation, gambling and other morally wrong activities such as the production and sales of alcoholic beverage. In addition to this, a number of commercial banks such as Krung Thai Bank also run an Islamic window parallel to their normal banking practice.

The role of Halal food production and export has been given priority during the first term of the Thaksin government. The Institute for Halal Food Standard of Thailand and the Halal Science Center were established under cabinet resolutions. The Institute for Halal Food Standard was established on 11 August 2003. It operates under the supervision of The Islamic Committee of Thailand. It is expected to assist and support the Islamic Committee of Thailand in approving, monitoring and improving the standard of Halal food products. The Halal Science Center is another stepping stone toward Thailand becoming a major producer in the world's Halal food market. It operates under the supervision of Chulalongkorn University. It is recognized as the world's first Halal science agency. The major missions of the center are to establish the international network of Halal science laboratories, to conduct analysis on raw materials for the production of Halal products to support Halal product certification and Halal food surveillance, to generate Hala/Haram database, and to provide Halal training and other related services. The idea of setting up a Halal Food Industrial Estate in Pattani, although initiated during the time of the Chuan government, has also been supported by the Thaksin government. However, this has been interrupted by the damaging situation in the areas.

With these supports, Halal food production and exports to the world market is expected to increase through quality improvement. This should create jobs and income for Thai labor, especially muslims. However, in terms of development, there has been no clear sign that the benefit of Halal food

production will trickle down to muslims and especially poor muslims in Thailand. The major plan to encourage the participation of the muslim community in the Halal Food Industry is limited to Halal Logo approving and monitoring (Center for the Development of Agro-Industrial Export, 2001). It is well-known that the benefit is mostly enjoyed by large scaled non-muslim producers and exporters⁴.

5. Socio-Economic Explanation

The previous section points to many important conclusions. Firstly, the three provinces which are the most populated muslim areas have performed relatively poorly in terms of economic growth. Secondly, a large proportion of the population in the three provinces has been left very poor for many decades while the rest of the South and the majority of provinces in Thailand enjoy the benefit of poverty reduction. Moreover, government expenditure allocation was also found to favor of the South and the three provinces less. This section attempts to explore other causes behind this poverty reduction gap through differences in socio-economic factors between the three provinces and other provinces.

5.1. Demographic Background

There were many demographic differences between the South, the three provinces and the rest of Thailand. Firstly, in terms of population, the degree of urbanization in the South, including the three provinces, was much lower than the national average. Thai population living in urban areas shared around 31% of the total population while those of the South and the three provinces were around 23-24%. In other words, the size of the rural sector was larger in the South, including the three provinces, than in other parts of the country. This is consistent to changes in the relative importance of

⁴Isra (2004) discusses this issue in more detail.

agriculture. It is well-known that the poverty problem in Thailand is highly correlated to the size of the rural sector, i.e. the bigger the size of the rural sector, the higher the poverty incidence. But there is another question whether people living in the areas will prefer to live their traditional life style or an urban life style.

Secondly, the three provinces tend to have a lower percentage of labor force in the total population. The percentage of population in the labor force of the three provinces, 59%, was much lower than that of the whole kingdom (66%) and the South (63%). In other words, the dependency ratio of people living in the three provinces was much higher than the average of Thailand and the South. Taking into account the household size that is larger in the three provinces than in other provinces, on average, an income earner in the three provinces has to work harder to support more dependents than those in other areas of Thailand.

Thirdly, verbal communication between local people in the three provinces and government officials who mostly speak Thai seems to be limited by language barriers. The percentage share of the Thai speaking population in the total population of the three provinces was only 78%. This was much lower than that of the South (95%) and the national average (99%). The literacy rate has the same pattern. But it should be noted that the local people prefer to communicate in their local language or Jawi. The language has its roots in the race and religion of the local people. Moreover, they can communicate with Malaysians and Indonesians in the language.

Fourthly, population of the three provinces is believed to be less educated than those of other parts of the country. This has been claimed to be a cause of high poverty in the areas. The percentage of population with education background not less than primary level, i.e. 6 schooling years, in the three provinces (27%) was lower than those of the South (37%) and the national average (35%). However, it should be noted that informal education

such as that provided by traditional religious schools or “Ponoh” is not fully recognized by the census. Furthermore, graduates from South Asian and Middle East countries are also not recognized by many government agencies. Thus, educational background of people living in the three provinces could be underestimated. Skilled labor in the areas has been underutilized and left in unemployment or underemployment.

Table 5: Demographic Background in 2000.

Population Group	Whole Kingdom	South	Three Provinces
Total Population (million)	60.916	8.087	1.674
% Share of			
Household Size	3.8	4.0	4.6
Urban Population	31.1	23.0	23.9
Population in Labor Force	66.1	62.6	59.2
Thai Speaking Population ¹⁾	98.7	94.7	77.5
Literate ²⁾	90.8	88.3	75.9
Primary Educated Population ³⁾	34.9	37.0	26.8

Notes: 1). Population 5 years old and over.
 2). Population 6 years old and over.
 3). Population 15 years old and over.

Source: Calculated from the Population and Housing Census 2000, National Statistical Office.

5.2. Structural Changes

Economic growth in Thailand has been marked by the growing dominance of the manufacturing sectors at the expense of the agricultural sectors for at least four decades. The same story can be observed in the 1980s and 1990s. At the national level, the share of agriculture in GDP decreased continuously from slightly over 21% in 1981 to around 16% in 1986, 13% in 1991, 11% in 1996, and 10% in 2001. The share of agriculture in GRP of the South and in GPP of the other southern provinces more or less followed the same direction as that of the national level.

However, the process of industrialization seems to be different in the three provinces. The relative importance of the agricultural sectors increased in Narathiwat, Pattani and Yala while it decreased in other parts of the country. The share of agriculture in GPP that was around 25% in 1981 and 1986, increased slightly to 26% in 1996, and to around 29% in 1996 and 2001. For industrialization advocates, this could be an explanation for the failure in poverty reduction in the areas. Industrialization is believed to be a means of achieving higher productivity and economic growth. Economic growth itself is believed to be a means to reduce poverty. However, industrialization strategy should not be imported. It should be conducted with the cooperation of people from all levels of the society.

Table 6: Percentage Share of Agriculture in GDP at Current Prices, by Area.

Areas	1981	1986	1991	1996	2001
Whole Kingdom	21.36	15.66	12.65	10.95	10.39
South	37.05	35.00	36.08	37.48	33.85
- Two Provinces	20.46	20.34	22.28	21.42	20.88
- Nine Provinces	29.61	28.13	28.43	28.90	26.32
- Three Provinces	25.15	24.96	26.18	29.76	28.95

Source: Office of the National Economic and Social Development Board.

5.3. Unemployment

Unemployment problem is believed to be one cause of the unrest since the labor force of the three provinces does not seem to enjoy the benefit of economic recovery of the country. The rate of employment in Narathiwat, Pattani and Yala that was around 1% in 1994 and 1996 increased continuously after the onset of the 1997 economic crisis to 1.74% in 1998, 2.17% in 2000, and 2.57% in 2001. Although the situation tended to improve slightly in 2002 and 2003 when the rate decreased insignificantly to 2.34 and 2.30%, respectively, the unemployment rate rose to 2.72% in 2004. This was

different from the national level where the rate of employment was slightly over 1% in 1994 and 1996. Although it rose sharply to 3.40% after the onset of the 1997 economic crisis, it tended to decrease continuously from 2.60% in 2001 to 1.80, 1.50 and 1.50% in 2002, 2003 and 2004, respectively. Changes in the unemployment rate in other provinces in the South followed the same direction as the national level. Policies to ban people with double nationality and to block illegal migration from the areas into Malaysia will adversely affect income and add more problems into this unemployment pool and poverty.

Table 7: Unemployment Rate, by Area.

Areas	1994	1996	1998	2000	2001	2002	2003	2004
Whole Kingdom	1.30	1.10	3.40	2.40	2.60	1.80	1.50	1.50
South	1.49	1.14	2.49	1.94	1.78	2.14	1.83	1.80
- Two Provinces	0.60	0.74	3.09	3.14	1.62	1.92	2.04	2.04
- Nine Provinces	1.82	1.68	2.57	1.71	1.62	0.50	1.66	1.43
- Three Provinces	1.26	0.96	1.74	2.17	2.57	2.34	2.30	2.72

Note: Based on population 15 years old and over.

6. Conclusion and Suggestions

The unrest in the three southernmost provinces of Thailand is now on the national agenda. However, the facts behind the problems have not been fully made available to the public. These include the economic background as well as other factors considered to be critical to the problems such as the cultural gap and the political conflict. The review of background information in this paper points to many important economic conditions that could be driving forces behind the unrest.

Economic growth is believed to be a very critical development indicator. But it was only the pre-1996s period where economic growth in the three provinces went, more or less, in harmony with other provinces of

Thailand. After the onset of the economic crisis, between 1996 and 2001, while the average of the South showed signs of economic recovery, the three provinces as well as the whole country were still in depression. The poor growth performance of the three provinces has significant consequences on income, especially that of the poor.

Over the same period, the income gap between the three provinces and other parts of Thailand drastically widened. The per capita GPP of the three provinces that was nearly 60% of the national level in 1981 went down continuously between 1981 and 1991 and, although it increased slightly in 1996, dropped dramatically to less than 50% of the national level in 2001. This widening income gap points to the deterioration of the living standards of people in the three provinces in relation to other areas of the country.

As a consequence, the performance of Narathiwat, Pattani and Yala in poverty reduction was critically poor. After 14 years, less than 19% of the population living in the three provinces was brought out of poverty. Over the same period, nearly 20% and more than 28% of the population of Songkhla and Phuket, and other provinces went out of poverty. This calls into question the causes of the poor performance and development strategies considered to be appropriate to the areas.

The unemployment problem is believed to be one cause of poverty in Narathiwat, Pattani and Yala since the labor force of the three provinces does not enjoy the benefits of economic recovery of the country. Larger household size is also believed to reduce per capita income and increases poverty since it presses an average income earner in the three provinces to work harder to support more dependents than those in other areas of Thailand. However, one should not consider a birth control program as a solution. It is against Islamic principles, the religion of muslims in Thailand.

An improvement of human capital as well as better utilization of skilled labor living in the area could be a better alternative. Informal education such as that provided by traditional religious schools or “Ponoh” should

be recognized and should not be discriminated against. Not yet mentioned are university graduates from South Asian and Middle East countries who are also not recognized and are underutilized by their own country. Migration to work in Malaysia has been a means to earn more income for their living and a way out of poverty. Policies to ban people with double nationality and to block illegal migration from the areas into Malaysia for security reasons will adversely affect their income and add more problems of unemployment and poverty. In this regard, a number of policies should be considered. The awareness and utilization of their connections with the muslim world will facilitate Thailand's international trade with the muslim world. Also, supporting and transforming the areas into an educational hub will go harmoniously with the religion, language, culture, and history of the three provinces. Furthermore, sustainable tourism is also an alternative. This will not only lead more employment and income but also ecological, social, cultural and economic sustainability.

Although it is well-known that poverty incidence in Thailand is highly positively correlated to the size of the rural sector and the relative size of agriculture - i.e. rural sector ñ which increased in the three provinces, industrialization may not be the right solution. While industrialization is believed to be a means of achieving higher productivity and economic growth, it is also supposed to be a means of achieving at least four more basic objectives (United Nations, 1974, quoted in Meier, 1976). These are: 1) improvement of working conditions and the living standards for the poor, 2) closely involvement with the development of all sectors in the economy, 3) the distribution of income generated by economic growth sufficiently widely in order to promote perceptible improvements in general living standards, and 4) to promote a greater sense of confidence and self reliance of the areas. Moreover, industrialization strategy should not be an imported strategy but one initiated by local people.

Tourism is also an alternative. But it should not be the type of Pattaya and Bangkok's Patpongse, i.e. sex tour.

The initiations to establish an Islamic Bank that aims to provide financial services under Islamic principles should be continued. It will be a means for the socio-economic development of muslims in Thailand which has stagnated partly because of the lack of a zakat⁵ funding agency and a financial media that is operated under Islamic principles. With support for the establishment of two Halal Food related organizations, Halal food production and export to the world market is expected to increase through quality improvement. But the story should end here. By supporting small and medium scaled muslim entrepreneurs, the benefits of Halal food production will trickle down to muslims and especially poor muslims in Thailand.

Not mentioned in this paper are some major policy changes. An important policy is one that was made by a member of the cabinet. Unfortunately, the policy changes that received wide support from the public were not accepted by the government. The limitation in speaking Thai of local people should be solved, but should not be considered as a weakness. Policies to recruit government officials who can communicate with local people in their local language and culture should be supported and continued.

One important and critical point should be added here. Although socio-economic inequality exists, it is not the complete answer to the whole story. A proper development plan is needed. This requires information such as the income sources and the consumption patterns of the local people, their human capital stock, unemployment problems, their health conditions, historical and political analysis of the conflicts and etc. The misuse of various policies such as discrimination against traditional education, strategies toward urbanization and industrialization, and ethnic and religious assimilation are not the right answer. Policies to use armed forces and to divide

⁵ Islamic social tax or social assistant fund that aim to improve the living standard of people in difficulties.

villages in the three provinces into three categories⁶ that received widespread public criticism, and is being reconsidered, should not be brought back into operation. Neither of these two policies is believed to bring peace and prosperity into the three southernmost provinces of Thailand and the situation will go to a point that cannot be reversed.

It should also be noted here that data presented in this paper do not cover the whole story. More information and more studies are needed. Serious and open minded discussion is also invited. Everybody, as well as politicians and officials, has their own right to present their information and to express their concerns in the problems. Finally, the author would like to emphasize the point that “Except God, nobody knows everything and nobody is perfect”.

⁶ The landslide victory of Thai Rak Thai party in the general election on 6th February 2005 authorizes the government to continue its aggressive approach to the problem. Ten days after the election, a dangerous move was made. The division of villages in the area into three categories - green, yellow and red - was mentioned by the prime minister. Green villages are those that are free of violence and will get full funding support. Red villages are those with violence and do not cooperate with the government. They will be subjected to close monitoring and development budget will be constrained. Villages in the yellow category are those that are in between the green and the red villages. For all cases, villagers still pay tax.

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