

**New Thai government to focus on boosting citizens' income**  
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BANGKOK, Aug 16 — Thailand's new government said today it would focus on increasing people's income and holding down the cost of living rather than simply aim for higher economic growth through the promotion of exports.

The cabinet of Prime Minister Yingluck Shinawatra (picture) held its first full meeting today to agree on the programme it will present to parliament, probably next week on August 23 or 24.

"Before, we were focusing on exports but today we have to focus on the domestic economy — increase people's income and bring down their cost of living," Yingluck told reporters after the meeting.

The government seems determined to push ahead with the populist programme that won it a landslide election victory on July 3, although some economists warn this could set off a wage-price spiral.

Deputy Prime Minister and Commerce Minister Kittirat Na Ranong said earlier that among the priorities were a minimum wage of 300 baht (RM30) a day, a starting salary for university graduates of 15,000 baht a month, a cut in company taxes, a reduction in fuel prices and a campaign against drug use.

"Other governments would have insisted on economic growth, which is understandable. But what we care about most is not just growth, but increases in people's income, and how to distribute this higher income to everybody fairly," he told reporters before going into the meeting.

The proposed nationwide minimum wage would mean an increase of 90 per cent in some provinces, which is bound to hurt small businesses. These firms say they would not be helped much by an offsetting cut in corporate tax to 23 per cent from 30 per cent.

#### FRICION WITH CENTRAL BANK?

Yesterday, Finance Minister Thirachai Phuvanatanarubala said his ministry would look at the central bank's inflation target, which is used to guide monetary policy, to see whether it was causing problems for the economy.

A senior central bank official said today it felt the target range was appropriate for current economic conditions.

"We are ready to discuss (the inflation target). As for now, we think the target is appropriate," Mathee Supapongse, director of the domestic economy department, told reporters.

The central bank aims to hold core inflation, which excludes fresh food and energy prices, in a range of 0.5 to 3.0 per cent and it sets monetary policy to achieve that.

Core inflation hit 2.59 per cent in July, approaching the top of that band. To contain it, the Bank of Thailand has increased interest rates eight times over the past year to 3.25 per cent.

Economists expect at least one more rate rise this year, perhaps at the next policy meeting on August 24.

Thirachai may want to raise the top of the target range, which might give the central bank scope to delay rate rises.

The range is generally reviewed each year. It is proposed by the central bank but has to be approved by cabinet.

The government also promised to double the farmgate price for rice to 15,000 baht per tonne, which exporters say will make Thai rice uncompetitive and could cause it to lose its position as top exporter to Vietnam.

Kittirat, who has direct responsibility for rice as commerce minister, made no reference to that.

Cabinet Secretary Ampon Kittiampon said the government would also focus on improving relations with neighbouring countries — there have been deadly clashes on the border with Cambodia this year — and working for peace in its southernmost provinces, where a low-level Muslim insurgency has cost more than 4,600 lives since 2004. — Reuters

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