

Facing the Future
Keynote Address
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at Chulalongkorn University
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Distinguished Guests, Ladies and Gentlemen,

It is a great honour to be invited to deliver this Keynote Address to all of you attending this Conference on the “Social and Political Dimensions of The Asian Economic Crisis” organised by Chulalongkorn University Social Research Institute, the Asian forum for Human Rights and Development and Focus on the Global South on March 23 and 24, 1998 in Bangkok.

Whither the “Economic Miracle”?

In a short period of a few months only the “economic miracle” of Southeast Asian countries, built over decades, has shuddered to a halt. Since July last year this country and many others in this region have been severely affected by an unprecedented economic and financial crisis. In a short period of a few months, thousands have been left jobless, drastic budget cuts have been made in government’s public spending and prices for essential consumer goods have skyrocketed in some areas. On the other hand, the financial system has been subjected to a thorough overhaul under the direction of the International Monetary Fund (IMF). Many of our countries in this region had to be “bailed out” from this crisis through a comprehensive but stringent “rescue package” put together by the IMF. The suffering for the people that began with this crisis last year continues today, and is showing signs of becoming more serious in the coming period.

I believe that the “economic fundamentals” of the countries in this region remain sound. The crisis was an indication of the vulnerability of our countries to the fluctuations of the international capital markets and unguided “open economic” policies that had little roots in one’s own country, but were totally dependent on foreign investment.

Our “miracle economic model” *of development* has been challenged to its fundamentals by the current economic crisis in Asia. This was a model that was based on rapid growth and liberalisation which catered more to the interests of foreigners (“external”) than to local people (“internal”). This was a model that was biased towards the “rich”, and largely neglected the poor and the vulnerable sections of our society. Under the influence of this model, we all became its agents and preferred “extravagance” to “efficiency”, “high growth” to “equitable income distribution” and “quick profits” over “sustainability”

I believe that the main cause of the economic crisis was our “social deficiency”. Let me explain this concept:

- (a) We did not have an effective monitoring system to oversee the financial and commercial sector, as well as overall direction of our economic paradigm,
- (b) Our government seemed to be less transparent and accountable and more “rapid growth” driven,
- (c) Our civil society, while reaping some benefits of the economic miracle, generally remained aloof to the economic direction of our country,
- (d) Finally, there was little to no participation of the ordinary people in decision-making on important economic and commercial policy making that affected the country as a whole.

Development Is More than Just Growth

We know that development is not just growth. The experience of our countries shows that rapid and high growth can indeed take place, but many other crucial aspects of development remain stagnant or neglected - viz., social justice and human rights, sustainable environmental management, equitable sharing of the country’s resources and promotion of self-reliance and local enterprises.

The general discourse on development revolves around two polarised positions, both of which I believe are seriously questionable:

- (a) Those that believe that mainstream development based on rapid modernization (“globalization”) is the only way forward for development of the country, and hence reject traditional and “local wisdom,”
- (b) Those who believe only in traditional and “local wisdom” and reject all forms of modernization.

I believe there is a mid-way between these two juxtapositions. I am a firm believer in the “middle-road” that blends and integrates the best elements in both positions - the traditional and the modern; the local and the mainstream; the local economy and the global village. It is only with this merging of historical paradigms of development that we can achieve genuine self-help, self-reliance, sustainability and overall human development for all.

The Way Forward

The way forward from the current crisis is to restore the value and spirit of the fundamental principles of human life and good governance - viz. transparency, accountability and participation. Good governance does not stop at governments. At the present time, we should be talking more about “corporate governance” and “financial governance” we need to make companies and corporations more transparent and sensitive to our people. We need to make

them more accountable to the environmental and social costs of their policies and actions.

The way forward from the crisis is to critically re-think our policies and priorities. It was not our integration with the global economy that is to blame for the crisis - it is our inability to balance various development priorities and build a foundation of self-reliance based on our sound indigenous “economic” and “human” fundamentals.

We now need to go back to these fundamentals - both the economic and the human - to restore confidence in our people, to rebuild our country from the bottom-up, to draw inspiration from our local wisdom and our local practices that emphasis sufficiency, mutual respect, equality, justice and fair sharing of resources. In short, we need to reconcile our traditional strengths and the power of the global economy. This is the task of “*bridging*” that we are all called upon to play at this juncture in our history.

The Significance of This Conference

This Asia-Europe People’s Forum with its main aim of facilitating the involvement of civil society groups in the ASEM process in order to ensure that the interests and needs of different groups, especially children, women, the poor and the marginalised in society, can be articulated; is an important step in the right direction. We need to build *dialogue and understanding* between the government, business and private sector, civil society groups and donors in our common endeavour to respond to the plight of the poor and the vulnerable sections in our societies.

We need to recognise that people have struggled hard to build *local level alternatives that safeguard self-reliance, social justice and equality*. We need to facilitate their voice to be heard in national and international fora in order to influence policy makers and our political leaders. Democracy and Development begins at the grassroots levels first - it is a challenge to all of us to ensure that this experience transcends the frontiers of nation states and becomes a global reality.

I am pleased to be part of this important Conference and wish the organisers and all the participants from so many Asian countries and abroad, the very best in your deliberations in these two days.