

**Forging A Partnership with the New Asia**  
**Address by H.E. Mr. Anand Panyarachun**  
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**The Trilateral Commission**  
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Excellencies, Ladies and Gentlemen,

I am very pleased indeed to have the honour of addressing this distinguished gathering.

The world today is almost unrecognizable from that which existed when the Trilateral Commission was formed in 1973.

There is no longer a single defining factor of international politics. In place of the Cold War is a "hodge-podge" of economic and political issues, over-lapping one another, blurring the traditional boundaries between the sub-national, the national, the regional and the global. The pace of technological advancement has so compressed space and time that ever more issues and players compete for our immediate attention. Global-free market forces have pervaded every aspect of economic life, bringing prosperity and growth even as they constrain the ability of governments to manage national economic policies.

Obviously, the complexity we now face is different from that which had shaped our way of thinking for over four decades. With the growing number of issues and actors, traditional notions of economics, security and national sovereignty are increasingly called into question or even flouted outright. One would think that after Francis Fukuyama announced the end of history, the important questions would have been handily resolved. Instead, vigorous debates are going on about the place of cultural values, growth-oriented policies, the role of the State, and the role of the market in promoting human welfare. In the arena of politics, speculation is rife as to whence the next major conflict is likely to come.

Amid all these changes, a major testing ground will be Asia.

Asia has now joined the ranks of North America, Western Europe and Japan as an engine of world economic growth.

Asia, of course, is not so uniformly industrialized or democratic that it would constitute a true and comprehensive third side of the Trilateral Commission. In fact, its success poses something of a conundrum. Can the Asian miracle be replicated elsewhere? Is there an Asian model of development? Is there a set of Asian values that underlie the region's stunning performance? Or is it simply a matter of mobilizing capital and labour inputs in sufficient quantities?

The diversity of Asia allows no easy answers. Every explanation begets a counter-argument. All that can be agreed on is that the rise of Asia is the biggest event of the late 20th century. Even if we allow for the recent drop-off in Asian growth rates, or a downward revision in the GDP based on purchasing power parity (as the World Bank did for China last year), the economic weight of the region will still be considerable, thanks to its enormous and ever-wealthier population. For the rest of our lifetimes, at the very least, the impact of developments in Asia will be felt far beyond its shores.

Asia's economic resurgence has led to a new-found confidence. Pundits such as John Naisbitt foresee an increasing assertiveness of Asian identity, and prominent Asian leaders are making a case for the importance of Asian cultural values for economic growth and development. A growing number of influential thinkers, led by Samuel Huntington, ascribe to culture a significance that surpasses even traditional economic and political factors.

This is actually a replay of a debate in political science circles that took place a few decades ago, when American academics were assessing the development chances of Third World countries. The difference is that this time the cultural explanation is receiving a wider audience in policy circles.

The trouble with culture and values, as the debate on political culture the first time around showed, is that they are so hard to pin down.

In this world of inter-dependence and globalization, I suppose the assertion of values as an explanatory variable can be re-assuring to some. It is difficult to tell how much of, say, Asia's economic success can be attributed to values or to the right policies and institutions. What's more, nations do not always fall neatly into the civilizational slots assigned them.

When the concept at hand is so vague and impractical, yet is presented as the major force that will lead to future conflict, it can hinder us from taking a constructive approach towards one another. Rather than a clash of civilizations, the true clash may be a clash of dogmas.

I think we should recognize the values debate for the distraction it is and focus on ways to build bridges among us. The world has a vital stake in the future of Asia. Our common interests will be better served by concentrating on that which binds us together, by identifying areas where we can co-operate for mutual benefit. It is our duty to prove that the champions of cultural and civilizational rifts are wrong.

More substantive challenges face the international community as it attempts to come to terms with Asia's growing economic - and inevitably political - clout. There seems to be an odd mixture of optimism and apprehension in the West over the prospects of an Asia ascendant. I tend to see the challenges as opportunities in disguise. The trick is to approach them in the right frame of mind, to keep things in

perspective.

Keeping things in perspective can be hard, but it is necessary if we are to continue on the right path. Seeing skyscrapers spring up from rice paddies and fields of roof-top satellite dishes can easily lead one to take for granted the glowing projections about Asia in the 21st century.

There is no greater hype about Asia than the label “economic miracle.” To paraphrase an old show biz saying, it took the East Asian countries decades to become “overnight successes”, and plenty of toil and tears to pull off the miracle.

A miracle is by definition an un-natural phenomenon. As such, it should not be expected to last indefinitely.

Admittedly, it is heart-warming to see institutions such as the World Bank use boom-year figures to extrapolate Asia’s growth up to the year 2020, because that would make Thailand the 8th largest economy in the world by that time.

When we consider how hard it is to forecast accurately even the next five years in this fast-changing world, such academic exercises can lull us into complacency.

In between World Bank projections of Asian economic dominance, we should also take into account the predictions of the doom-sayers. Andy Grove of Intel Corporation says only the paranoid survive, and I think that’s an appropriate sentiment to bear in mind as we sail into the uncharted waters of the new millennium.

Whether and how quickly Asia fulfills the prophecies made for it will depend on how it strikes a balance between sometimes conflicting priorities.

One example is the balance between the State and the market. Many governments are paranoid, but not quite in the way Andy Grove meant. They want both the benefits of opening up their economies, yet balk at the prospect of surrendering control to the vagaries of the market. As globalization intensifies, as market forces and technology strip away the ability of central authorities to control flows of capital and information, governments still attempt to cling to the old certainties.

In Southeast Asia, we see evidence of this ambivalence. At one level, the region is heading towards greater economic openness and integration. The ASEAN Free Trade Area, which is on track to be completed by the year 2003, will make ASEAN a market comprising some 470 million people. The ASEAN members are firmly committed to AFTA, because they recognize that delay or backtracking means AFTA will be made redundant by APEC and the WTO. ASEAN’s competitive edge and credibility depends on AFTA staying one step ahead of the game.

At another level, there is evidence that not all countries in the region are quite ready to let the market decide. While Thailand has become a regional hub for the

automotive industry without State direction, countries such as Malaysia and Indonesia have invested heavily in national car projects, and Malaysia is promoting a huge Multi-media Super Corridor designed to attract hi-tech companies, in an Asian version of Silicon Valley. Such efforts may well turn out to be successful in the long run, but more importantly, they show that despite what proponents of the border-less world say, governments are not about to go quietly into the night.

This ambivalence about giving market forces free rein is part of a larger trend. Mainstream liberal thinkers, including Robert Kuttner and even George Soros, are increasingly questioning the gospel of free-market capitalism.

In economies newly emerging from the constraints of central planning, laissez-faire is the order of the day. In Asia, unfettered market forces are creating new wealth and prosperity. At the same time they are also creating new problems, of widening income gaps, of environmental degradation, of unsustainable resource use.

This presents another dilemma for Asia. The very factors that will make East Asia an economic colossus, pose challenges for long-term growth. This is the world's most populous continent, with almost 1.3 billion in China alone. The latent energies of this mass of humanity are only beginning to be tapped, as governments open up their economies and compete for foreign direct investment. As the developing countries' manpower enters the world labour market, it forces earlier industrializers to upgrade their production structure to stay one step ahead, in a kind of economic domino effect.

The upside to all this is that incomes will rise, as will demand for goods and services. This will in turn spur trade and investment, within Asia and with the world. Barring catastrophic upheavals, Asia will become the pre-eminent economic centre of the world, even if actual growth rates fall short of those in the late 20th century.

The downside to Asia's growth is the strain it will exert on the environment and the earth's resources. This can in turn lead to international frictions.

Neo-Malthusian predictions, of course, are nothing new. The population bomb scare of the 1970s was eventually proven wrong (or premature, depending on how one looks at it), thanks to scientific advances and the "green" revolution. Current thinking, though, has it that the limits of sustainability are quickly being reached. Not only is the population growing, industrialization and its side effects are on the verge of outstripping the earth's ability to repair itself. This sort of argument comes not only from dyed-in-the-wool tree-huggers, but increasingly from mainstream research.

Among the most pressing issues for Asia is water. A recent UN report noted that only 0.007 per cent of the earth's water is readily accessible for human uses, and that water use has been growing at more than twice the rate of the population increase during this century. With the world population expected to increase from 5.7 billion now to 8.3 billion by 2025, with more water needed for agriculture,

irrigation and industry, and with a growing proportion of consumers, the strain on water resources can lead to more frequent international disputes over water rights. The Asia Development Bank estimates \$80 billion to \$100 billion will be needed over the next five years to lay an acceptable foundation for a water infrastructure in Asia.

Moreover, as arable land is increasingly converted to industrial use, grain production in rapidly industrializing economies may not be able to keep pace with demand. Likewise, the demand for energy will surge as Asia's newly affluent adopt Western life-styles, with TVs, refrigerators, computers and cars.

Already, trade in non- or semi-renewable resources has burgeoned, as wealth spurs demand for such commodities as timber, oil and gas, and even endangered animal species believed to have medicinal properties.

These developments will play a key part in determining foreign policy, as nations seek to secure supplies and supply lines. Poorer countries, which tend to also be the most abundant in natural resources, will have little choice but to comply with the demands of the market.

This is one key area where the West and Japan can make a useful contribution. Asia's industrialization has come at a high environmental cost, and this is one of the most serious obstacles to sustainable development. As early industrializers, Western governments are familiar with the growing pains of rapid development, and have worked out ways to manage resources and even undo decades of damage. A growing environmental movement is gathering strength in Asia, and companies from America, Europe and Japan are well placed to address their concerns. As Asia seeks to clean-up, so can environmental management companies.

There are other areas, such as information technology, where our interests coincide - where the strengths of the trilateral countries can help Asia's development, while themselves benefiting in the process. Let us not be side-tracked into giving tangential issues more importance than they deserve. It is not in anybody's interest to attempt to remake others in their image, as the only response will be resistance. As inter-action and inter-dependence increase, a certain degree of convergence will occur naturally. Let us remember that diversity is healthy for the survival of the species. Let us find mutual benefit in our diversity, and learn from one another, for only by doing so can we grow together into a community that transcends all boundaries.