

Thailand After The Election: Politics and Economics

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POLITICAL TRENDS IN THAILAND

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ECONOMIC TRENDS IN THAILAND

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Editor's Note

The following text is based on a *Trends in Thailand* seminar held on 12 March 2001.

The seminar featured three speakers: M. R. Sukhumbhand Paribatra (on politics); Kitti Limskul (economics); and Kusuma Snitwongse (foreign affairs). Professor Kusuma Snitwongse's contribution will be expanded and updated for publication in a future issue of the ISEAS journal *Contemporary Southeast Asia*. However, her participation in the Discussion remains in this Trends in Southeast Asia paper. (Professor Kusuma is the former Chairperson of the Department of International Relations, Chulalongkorn University and was recently a Visiting Senior Fellow at ISEAS).

Dr Anthony Smith
Editor
Trends in Southeast Asia

The following text is based on a paper presented

by

M. R. Sukhumbhand Paribatra

at a Seminar organized by the

Institute of Southeast Asian Studies

in Singapore on 12 March 2001.

About the Speaker

M. R. Sukhumbhand Paribatra is a Member of Parliament (Democrat Party) in Thailand and former deputy foreign minister. Prior to that he was a political science professor at Chulalongkorn University and a former Director of its Institute of Security and International Studies (ISIS).

POLITICAL TRENDS IN THAILAND¹

This paper will touch on three areas: (1) the overall trends in Thai politics; (2) the general election which was held on the 6th of January 2001; and (3) the immediate future of the new Thaksin Shinawatra Government.

Overall, there is a belief amongst the Thai people that we are living through extraordinary times. There seem to be far reaching political changes brought about by the full implementation of the 1997 Constitution. However, there were a number of issues and events which still remind Thais of their political past.

The following are some extraordinary changes that have taken place, or have been taking place, in Thailand. Firstly, Thailand has finally gained a fully elected senate with far reaching powers, especially in appointment and dismissal. Secondly, we have eight independent institutions to guarantee people's rights and freedom; greater accountability and transparency of governance; and the rule of law. The main independent institutions are the Constitutional Court, the Election Commission and the Counter-Corruption Commission. Both changes occurred for the first time in Thailand's history.

The 6 January 2001 election saw changes within the political system. Many political "dynasties" were thrown out, especially in some outskirt provinces of Bangkok. For the first time in Thai history, Thailand seemed to be moving towards a two-party system. Thaksin's Thai Rak Thai Party and the Democrat Party won nearly 70 percent of the votes for the party list candidates and over 60 percent of the votes for constituency MPs.

¹This paper is based on my personal thoughts as an academic for the past 17 years and as a direct participant in Thai politics for the last 4 years. My views do not represent that of the Democrat Party nor the opposition.

The second major change occurred within the Thai media, who have relished greater freedoms. However, the independence of the media, especially that of certain television channels such as Channel 3 and I-TV, was questioned. Both channels are closely linked with the Thai Rak Thai Party in a business sense.

On the other hand, some elements of old style politics remained. The elected Senate was involved in a series of scandals. There were several rounds to elect the senate after disqualifications and, in some cases, it took some five rounds of elections for the Electoral Commission to accept the results. Some were dismissed for cases involving sex crimes and bribery. In some ways the newly elected Senate, which was supposed to embody the new values of Thai politics, was seen as no better than the Lower House. The Lower House was seen in the past to embody the worst things in Thai politics. During the last election, the Election Commission failed to live up to its expectation of stamping out electoral fraud and vote-buying. In fact, these problems were probably more extensive than in the previous election. Another case was Dr Thaksin's pledge that he would engage in new thinking and new action. However, some old faces remained in his coalition government who had been discredited in the past, especially because of their involvement in the Chavalit Yongchaiyudh Government in 1996-1997.

Although the overall trends appeared confusing, a clear feature was the extraordinary performance by the Thai Rak Thai Party in the General Election held on 6th January 2001. The Thai Rak Thai Party won 248 seats out of a total of 500 seats, 48 out of 100 party list MPs and 200 out of the 400 constituency MPs. It won more than nearly twice as many votes and twice the number of MPs as the nearest challenger, the Democrat Party. The Thai Rak Thai Party also destroyed many small and medium sized political parties. The Democrat Party won an overall 128 seats, out of which, 31 were from the party list and 97 from the constituency elections. This performance saw the Democrat Party securing the most number of seats in its 54-year history. The other parties that secured seats were the Chart Thai party with 41 seats, the New Aspiration Party with 36, and the Chartpattana with 29.

There were four main reasons for the landslide victory of the Thai Rak Thai Party. The first one was the most obvious and had probably the most impact for me.

It was the general public's fatigue with the Democrat Party and its party leader, Chuan Leekpai. The fatigue with the Democrat Party played a very important part in the resounding defeat at the hands of the Thai Rak Thai Party. People were upset with the Democrat Party on two counts. The Democratic Party failed to revive the economy in a manner that was both evident and rapid in the eyes of the general public. However, the Democratic Party believed that it has laid down the foundations for a full economic recovery, and for a longer term, sustainable growth. The second factor is that the Thai people generally lose interest in things when they have too much of it. Hence, they lost interest in the Democratic Party which was in office for nearly six years (September 1992 to November 2000). Chuan Leekpai was the Prime Minister for nearly six years out of eight.

The second reason for the Thai Rak Thai Party's resounding victory was its marketing strategy. The current political situation has become one of marketing-led politics. The Thai Rak Thai Party obfuscated the small print and packaged the ideas that would appeal to a broad spectrum of people. In the process, the media seemed to have almost been co-opted into repeating the Thai Rak Thai's positions.

The third reason was the Thai Rak Thai's success at the grassroots level. The expanding cells tactic — an old Communist Party tactic — was significant in the victory of the Party with the countryside. It worked with one person finding ten new party members, and those ten find another ten more.

The last reason had to do with funding. The Thai Rak Thai Party had more money than other political parties. It also had the largest amount of funds in Thailand's political history. Officially, the Thai Rak Thai Party had more than three times the amount of donations given to other parties.

After the election, Dr Thaksin set up a government of more than 350 MPs. There remained a lot of uncertainty about the near future. Five factors determine Dr Thaksin's and the Thai Rak Thai Party's stay in office.

The first factor was Thaksin's alleged non-declaration, or less than comprehensive declaration, of his assets. The National Counter-Corruption Commission forwarded Dr Thaksin's case to the Constitution Court for consideration. If found guilty, Dr Thaksin would be ineligible for holding political offices for five years, including the appointment of Prime Minister. To date, there was still no

verdict. However, in its short history, the Constitutional Court has never gone against the verdict of the National Counter-Corruption Commission. Some astrologers were already predicting another political change in April this year, around the time of the Thai New Year, falling on 13 April. Such predictions could turn out to be self-fulfilling prophecies.

The second factor that would determine the Thai Rak Thai Party's success in governance was the government's performance, particularly in two areas. They were economic recovery and countering corruption. The Thai Rak Thai Party made five promises on economic recovery. Four were obvious ones. One was to establish a fund of one million baht for each village of the 79,000 villages in Thailand over the next year. This amounted to 80 million baht. The second promise was to provide a debt moratorium for farmers. The third promise was to guarantee that all patients paid only 30 baht for any medical treatment. Presumably, the treatment could range from being for an ordinary cold to cancer. The fourth promise was the establishment of a central asset management company to reduce the NPL problem and to generate greater lending on the part of the banks. But there was a fifth promise which was de-emphasized over the last few weeks. It was to not borrow any more money in order to avoid an increase in the public debt.

There were many legitimate questions as to the feasibility of fulfilling all these promises at the same time. First of all, although the one-million baht fund could eventually be found, the public debt would still have to be increased to cover the debt moratorium for all farmers. The new government cannot finance its campaign promises without borrowing more money. Indeed in some ways, the new government had been retracting its election promises by emphasizing that there was "small print" in their election campaign promises. For example, it was recently announced that the promise for debt moratorium did not apply to all farmers, but, in fact, small-scale farmers. However, the word "small-scale" did not appear in the election campaign. Another such example was the recent announcement that people had to make a contribution of 100 baht a month for a whole year in order to enjoy the subsidized cost of 30 baht for medical treatment. Hence questions remained on the government's ability to fulfill its campaign pledges, especially where economic recovery was concerned. In fact many are predicting that the public debt may go up to as high as 80

or 90 percent. Currently, it stands at about 60 percent of GDP. Financing all the new government's promises will be a very difficult task indeed.

The second area that will be difficult is in the handling of corruption. In government, there existed intra-coalition politics and potential conflicts of interest. This made it difficult for Dr Thaksin to dismiss any suspicious member of his government, despite his earlier announcement to do so. The main problem was the potential conflict of interest for the businessmen in the new government — not the least of all being Dr Thaksin who is the wealthiest capitalist of them all. He would have to prove that his policy, for example, on telecommunications, was fair, equitable and beneficial to people at large and not just beneficial to the Shin Corporation and Shin Group which he is closely related to in a business sense. The difficult task is to simultaneously manage conflicts of interest and to eliminate what could be seen as corruption within the current ruling elite.

The third factor was the government's relationship with the press. Currently, it seems to be something of a honeymoon period. In the past few months, the Thai Rak Thai Party demonstrated impatience with even small criticisms and one hopes that this will not be a trend for the future. The longer a government stays in office, the more criticism it will attract. Displays of impatience will generate a vicious cycle of criticism.

The fourth factor is the drug problem. This point in some ways should be separated from the government's performance because it has its own dynamics. The drug problem cannot be seen as a partisan or political problem because the opposition has given its full backing to the government to stamp out the increasingly serious drug problem. However, the manner in which the government handled the problem became connected to Thailand's foreign relations with its neighbours — hence it has become a political problem. There were two main political issues within the drug problem. The first is with methamphetamine drugs. Most of it is produced in neighbouring countries, such as Myanmar, and imported into Thailand. Last year, about 700 million tablets were distributed in Thailand but the authorities only managed to recover 100 million. Although the figure of 100 million was the biggest amount recovered in history, the amount of methamphetamines entering Thailand kept increasing. It seems that we in Thailand are fighting a losing battle. A second

issue is the discussion on carrying out arbitrary search and arrest in certain areas of the country. If these measures were carried out it would create problems with non-governmental organizations, the press, and ultimately with other countries, especially western countries. If the government could reduce the drugs problem, it would be applauded. But there are reservations with the way the government may handle the problem. If this confusion is added to other causes of confusion, the immediate future of the new government may come into question.

The last factor is intra-coalition politics. Despite the Thai Rak Thai Party's pledge that it would engage in new thinking and new actions, there were many "old faces" within the government. To his credit, Dr Thaksin had excluded many so-called "unacceptable figures" from the Cabinet. Although the Thai Rak Thai Party had by far the most votes within the Parliament, intra-coalition government politics may ultimately undermine the stability of the government. Indeed if I were Dr Thaksin, I would not trust that many members of the current Cabinet.

To conclude, we are living in extraordinary times in Thailand. There are many drastic changes occurring. At the same time, there remained some reminders from the political past that have implications for the immediate future of the new Thai government. The most important factors are the government's performance in the two areas mentioned above and the question of a conflict of interest arising between the "public" and "private" spheres in cabinet decision making.

The following text is based on a paper presented
by
Dr Kitti Limskul
at a Seminar organized by the
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in Singapore on 12 March 2001.

About the Speaker

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ECONOMIC TRENDS IN THAILAND

“The Thai Rak Thai Party invites all the Thai people to join us to rethink and rebuild our beloved nation, so that we will win the war on poverty, the war on corruption, and the war on drugs; leading Thailand toward sustainable development and to restore the dignity of the Thais.”

Thaksin Shinawatra, Thai Rak Thai Party Leader and Prime Minister

This paper will cover the economic situation facing Thailand. I will also try to say whether our economic platform at the Thai Rak Thai party is populist, and thus misleading, or whether it is sincere and workable. This paper will also try to estimate how Thaksin’s five promises (which M. R. Sukhumbhand mentions earlier), especially on the fiscal side, can be under control in the budget in light of the public debt issue (see the Appendix for a summary of the National Agenda).

First of all on the economic issue, it has to be acknowledged that over the last two or three years, the economic situation has been revived a little, and no longer registers negative growth, thanks to the last government and its stabilization policy. However, when one looks carefully into the economic system, economists consider aggregate demand and aggregate supply and whether it is in equilibrium or not. Equilibrium means aggregate demand and supply match, and other parameters are set in a rational situation and under normal conditions. But two years ago we found that aggregate demand had a very strange shape, in that it was bending backward and it was not met by aggregate supply because (1) on the demand side consumers were reluctant to spend and (2) because income generation has been suppressed by the strengthening baht. Furthermore, because of the sluggish world demand for agricultural products, domestic prices of agricultural products were suppressed. That means the estimated

loss of income in the farming sector is at least 120 billion baht in 1999. So with that strange shape of the aggregate demand, on the supply side the capacity utilization was just 60 percent or lower and it has never recovered. Given such a situation economists will say that the Thai economy is in a liquidity trap.

To solve this liquidity trap there are several ideas. One idea is to launch a type of fiscal stimulation by borrowing abroad. Thailand did borrow from Japan, to the cost of about 54 billion baht, under the Miyazawa Stimulation Package. Unfortunately because of this off-budgeting type of stimulation package it was not truthfully audited. That means most of the money was lost when it was supposed to be used for employment generation. In the end it was found that most of the programmes were misused. As a result the growth of the economy was 0.9-1 percent from the base period, from the base point, which had been around 4 percent. Growth had been improved but at the cost of quite a large external debt of 54 billion baht. In theory, the situation cannot be solved by fiscal policy because the more one stimulates the economy then one also increases demand, which may not improve the situation.

So in theory the problem had to be solved by a series of steps to do with monetary policy. However when one thinks about monetary policy, it will have a negative effect too. When money pours into the economy prices may increase and this may also hurt the poor. So monetary policy must be managed within the limit that the price increase and the negative impact to the poor must be remedied by a certain redistribution policy. That is why Thai Rak Thai came up with the whole idea of a series of connected or consistent policies, both fiscal and monetary. In order to increase the money supply and also the credit, we found that the financial institutions were not working properly because they have excess liquidity and a high percentage of non-performing loans. By law, administered by the Bank of Thailand, banks have to make provisions to settle. They are not able to widen credit despite the fact that they have excess liquidity. Because the economy was not clearly shown to have improved under the fiscal policy of the outgoing Chuan Leekpai government, banks have been reluctant to provide credit. So on one hand banks with excess liquidity are suppressing the deposit rate down from a normal 4 percent to around 2 or 3 percent. Despite the declining deposit interest rate, banks have to hold the loan rate at a very high level because of the non-performing loans. So the loan rate is somewhere around 9-10

percent, thus the gap must be somewhere around 5 to 6 percent, in nominal terms. Once the costs of the non-performing loans were included, the nett interest income that the bank received is very small — possibly only around 0.5 percent. So the new government cannot let this situation go on because in the end the banks will suppress the deposit rate to zero or even negative rates, and it is possible that the day will come when they will require fees to keep deposits. This would be a very strange situation and the economy would crash. In order to stimulate the economy through monetary policy we need to do something about the financial institutions.

This leads to the idea of the setting up of the Central Asset Management Corporation (CAMC). The last government was ambivalent on this idea, because in recent times some AMCs were failures, while some have been successful. The last government chose to decentralize AMCs with each bank setting up its own AMC. Nevertheless, from an accounting perspective it only passes on the debt (including the non-performing loans) to another subsidiary accounting process. Therefore nothing is solved. That is why a Central AMC must be in place because the non-performing loans must be brought into a central body, and the “economy of scale” of consolidating fiscal debt will be more efficient. There are many negative aspects which will be referred to later. So the Central AMC will be set up in order to bring in the financial institutions as the arms of the monetary policy. If the monetary policy were implemented then the negative impact on the farmers, who are the majority of the people, has to be resolved. That is why Thai Rak Thai has come up with the moratorium on interest for small farmers for three years. The reason it is three years is because of the cycle of production. To undertake adequate debt restructuring is equivalent to production restructuring, because after three years if no income is generated then the farmers cannot pay back the debt. That is why, first of all, debt suspension on the interest payments, costing about 18 billion baht over three years must be made; which compares favourably with the cost of the Miyazawa Fund of 54 billion baht in one year. The figure of 18 billion baht is because of price suppression and also because the farming sector has largely absorbed the unemployed from the non-farming sector for almost three years now, and the burden cannot be sustained. Thus, debt suspension for three years will be implemented. Then the Village Fund will be set up for 70,000 villages, with around one million baht for each village. Admittedly this is very costly,

but in Thailand most of the central government budgets in the past have seen only around 30 out of 100 baht actually reaching the farmer. It was much like ice-cream, in that along the way it dissolved into somebody's pocket. The new government plans direct redistribution from central government to the villages and communities. If the fund is misused then the fund will be abolished, but the bottom line is that this is the people's money. In order to pay back when the suspension comes up with the production restructuring, we will propose a certain kind of production, let's say, three years as a cycle of crops. If the farmers who grow rice think that the price will be suppressed then he may turn to other crops or fruit or even to livestock. The cycle of livestock is at least three years, given the birth replacement cycle. In three years farmers may be able to pay back a certain amount of debt because of production restructuring. The community will also be able to come together to consider new production, such as handicrafts or a new type of crop, for which they might propose a rough project. The community, at the village level, will decide and provide a loan to each person of not more than 10,000 baht per person. If, say, 10 people are involved then 100,000 baht could be available. It cannot be rejected that there will be a certain level of misuse, as well as improper or even unsuccessful projects. But the counterpoint is that the people will look after or cross-check themselves because they have the sense that this is their money. Another problem may be that this policy will allow the richer to become richer — although they may be the successful ones who provide role-models for the poorer 70,000 villages, which in principle, will gain, and this will be implemented all together. However, it depends on the demand side, which means there must be an assessment of whether they are ready or not. If they are ready, and come up with good ideas and pass the process of investigations, then the money will go in. Then in three to six months the payback will come up into the fund. There will be many kinds of checks in order to prevent misdeeds as Parliament will soon consider the corresponding laws.

So, on one hand there is a monetary policy where there is a danger that there will be a negative effect on the poor, but this is countered by a direct redistribution. Before redistribution one must eradicate all the debts first, by suspension of three years. But by suspension of three years farmers need income generation to pay back in three years. There is a need to have a "one village one product" movement. This does not

mean one village only produces one product, it is really a catch phrase for a grass-roots movement that will be based on self-help and a strong community. Certainly villages can create more than one product — which includes encouraging villages into tourism, environmental tourism, environmental-friendly tourism, or even assisting the Ministry of Agriculture on afforestation. On the latter project, every year the afforestation budget will be in place and communities along targeted areas can be included in the afforestation scheme. Overall in three years, income will be generated in order to pay back outstanding debts. Of course there will be some failures, but others will learn from this and this will improve self-help strategies. The funding for the 70,000 villages (or 70,000 multiplied by 1 million baht) will be earmarked from the central budget. Up to October 2001 the money will not be available because Thailand is still under the last government budget. The fiscal year in Thailand begins in October, so until then the government will use scant money left over by last government to do what it can. Then for the next fiscal year, we will probably revise the budget for these programmes and by my calculations these programmes will generate sufficient income levels. But income generation in the agricultural sector is not that much compared with the total economy. Furthermore, there is excess food supply in Thailand. If the price of food is somehow stable the farmers can make more certain plans, and those who cannot cope with the market fluctuations can move to self-sufficiency and self-consumption. This will also help the urban sector, or non-agricultural sector services and manufacturing, because the money put into the farming sector (which consists of a population of around 40 million), will then cause a multiplier effect of at least three times. This programme will help to restore the economy and create domestic demand orientation, because up until now Thailand has relied too much on an outward orientation and has stressed export earnings. Right now the American economy is in a difficult position and it has made up at least 20 percent of the Thai export market. The Japanese economy is also in a sluggish period, and equally we cannot rely so much on Europe because it may be intertwined in any world recession. So this policy is fundamentally about increasing domestic demand to be on par with the externally orientated sector and not to rely too much on exports. As the input-output tables in Thailand have proved, one dollar of exports mean imports of at least eighty cents. Thailand does not have the foreign currency, and faces a long-term problem if there is too much reliance on foreign

imported goods. The new government will try to increase domestic demand in concrete ways.

Once the farmers are impressed by this programme we may try to ask farmers to use organic and non-chemical fertilizers, in order to reduce the cost of imported chemical fertilizers. For this, then, we will have the plus payment and term of trades. On the fiscal policy we are constrained by the national debt, the current deficit. The normal deficit to stimulate the economy cannot be higher than 2.0-2.5 percent. Because we have a debt obligation to make fiscalization of the Financial Institutions Development Fund (FIDF), which was announced by the Ministry of Finance in the last government as a legal requirement, the whole cost is large and it needs to be reflected in the national budget. This amounts to at least 3 percent of the national budget. So altogether the deficit will be around 5 percent. The normal deficit, according to our policy, must be no more than 2.5 percent, but the new government must take into account whatever the last government did. That means fiscalization of 3 percent of the FIDF, which has consumed huge funds bailing out private banks. Whatever the problem is, this new government has to receive it and try to carry on. There is little reason to go on blaming the last government anymore. Reviving the economy is the big issue for Thailand, and working out how to foster and sustain growth in the medium and long term. At the same time policies should not affect the poor too much, and that means there is a need for the Village Fund, the “one village one product” movement, and the debt moratorium on suspension of interest.

Are the new government’s policies populist or not? The world faces a different kind of situation compared with the last decade or the last century, because of technological change. The future is very unstable and Thailand cannot rely on world market fluctuations because the future cannot be predicted very easily. The emergence of the “new economy” alongside globalization brings a completely new condition. Therefore the rationale of this dictates that we go back to our own fundamentals. Economic issues are second place to national sovereignty, which rightly takes first place. We have tried to design our policy so that whatever happens we can self-sustain and have full security. This should not lead to xenophobia as Thailand has passed that phase already. But in order to be self-sustained, Thailand is economically ill right now because external debt is not less than US\$80 billion and the national debt is, by the IMF

definition, around 23 percent of GNP. This will increase to 33 percent by 2007 or 2008 if nothing is done. Nevertheless there is still some room to move even with this heavy burden. In this respect our policy may be populist, although I am not sure what is always meant by that, but it is going back to the fundamentals and getting ready for the new world. That means the relief for farmers is just a means to the end.

In education there are a number of changes to be made (although they can only be discussed briefly). It is important that the Thai youth gain more knowledge and more capabilities in order to compete with the world. Another very important issue is that the drug problem has destroyed many of the young and their capacity for creativity. The Prime Minister recently said in Chiang Rai that it is a scientific fact that those who consistently use amphetamines suffer a decline in creativity and health. The fight against drugs is a crucial battle, and it is pleasing that the opposition (as repeated by M. R. Sukhumbhand) will treat this as a national issue, and not a partisan one.

On the promises made by the Thai Rak Thai, it is important to analyse this. The Village Fund in theory, is 70 billion baht, (70,000 villages will be given 1 million baht). Nevertheless it is a consolidated account in accounting terms. Individuals are eligible for this but will need to show that they are able and ready. The money will not just be given automatically for no return. Because of budget constraints, the budget for this will be in place from October onward and will continue over the four years that we are in government.

Debt suspension will be partially done in April for the first batch, at the cost of about 18 billion baht. This will be done in conjunction with the Bank for Agriculture and Agricultural Cooperatives, which is a government bank. If possible this will be extended to cover more, but not without discipline as the money has to be recovered and the principle must be paid back. The government will try to make the BAAC a better bank for the rural sector, moving it away from commercial imperatives whereby the agricultural sector is subject to very high interest rates. It should be, first and foremost, a bank for rural development.

With regards to medical care, the government budget earmarks (every year) a budget of 80 billion baht for the health programme, but these funds are very inefficiently used. There is consideration of putting government hospitals into public hands. The new government's policy on health can be afforded as the probability of

being sick is not 100 percent, so the funds can be properly managed. The probability of being sick from a very serious illness (cancer or heart attack) is not that high, compared with other ailments. The Ministry confirms that our funding proposals are possible.

External debt is already very high, and is something that must be tackled, but we cannot do it until the economy recovers and Thailand no longer needs stimulation. To manage the excess liquidity in the banking sector, and to shore up the deposit rate, which is declining day-by-day in the banking sector right now, we must give morale to savers. In order to create a scheme of national cash management, there may be the need to issue something like treasury bills in the short term to clear up this up to a level that it will not crowd the economy when it picks up. This depends on calculations of how much debt is needed to shore up the domestic interest rate. My personal view is that an interest rate of zero percent will not be helpful. Some bureaucrats argue that lower interest rates will help revive the economy, but while that is true in a normal situation because interests rates in Thailand are subject to unusual pressures, this is not the case now. When one lowers interest rates it does not mean the consumer will consume more, because they are also savers and thus their income erodes instead and as a result they consume less. Because of the strange substitution effects, the rich consume more of the given goods (usually from abroad). With the expected growth target at probably 4 percent, next year 5 percent, and in the medium term of 6.5 to 7 percent by the year 2007. With this growth we can fund the promised policies. Although the drafting of policy is my responsibility, the operation remains in the hands of the Prime Minister. It will be up to him, in the final analysis, to follow through.

Appendix

Building the Nation through 11 National Agenda

National Agenda 1

Developing the Financial, Capital, and Debt Market

- Reduction of corporate income tax from 30% to 25% in the first 5 years.
- Increase diversity in the capital market by stimulating and increasing incentives to register state enterprises in the securities' market.
- Support small enterprises, especially in the “New Economy” sector, to have an opportunity to capitalize in the securities market.
- Support Thai Commercial banks to develop their organizations to be able to compete in the world financial markets.
- Develop a market for government bonds to create a reference interest rate.

National Agenda 2

Restructure the Economy together with Debt Restructuring

- Establish a National Asset Management Company (National-AMC).
- Set policies for debt restructuring and corporate restructuring.
- Manage to revive business in each group with professional management.

National Agenda 3

Create Income, Eliminate Unemployment

- Adjust the direction of Board of Investments (BOI) to support small businesses.
- Reform law and regulations to create an environment for creating and nurturing new entrepreneurs.
- Improve the bankruptcy law.
- Collect Special low tax rate for new SME.
- Establish National Venture Capital Fund and SME Bank.
- Establish micro-business bank or people's bank.
- Develop job skills for the unemployed Thai businessmen.

National Agenda 4

Revive Thai farmers

- Grant a 3-year debt moratorium for small farmers.
- Accelerate finding a solution to the people's land ownership problem.
- Establish measures to create "value-added" for agricultural produce.
- Set up funds to assist communities and villages.
- Set up "One Village One Product" Movement in order to create income, self sufficiency, and strong communities.
- Adjust the direction of production in the new agricultural sector to be consistent with world standards.
- Grant BOI privileges for R&D of new seeds through natural processes.
- Establish a project to revive soil quality.
- Increase community participation in reviving and improving water resources.
- Revive natural resources and the ecology of the Thai seas.
- Set up an information technology network for agriculture (e-agriculture).
- Reform the workings of the Ministry of Agriculture and Cooperatives.

National Agenda 5

Build People, Build Education System

- Plan to "build people" consistent with the demands of society and the economy.
- Build an education process that will "build people" to have "imagination" and specialty in one area, but also all round knowledge.
- All students completing secondary school must have a basic knowledge in English usage and the Internet as tools to develop oneself.
- Improve the 4 basics — environment, new instruments, management, and teacher-professional administrators — in schools at all levels.
- Support "private sector education" as a life long learning process.
- Build participation and support for a society of life long learning for quality of life of all Thais.
- The people and employees can use expenses in self-improvement education as a tax deduction annually.
- Reduce barriers in private sector educational investment.

National Agenda 6

Fight and Eliminate Drugs

- Cooperate with the army Health Corps to establish camps for treatment of drug addicts.
- Cooperate with BOI to provide incentives in importing instruments and provide tax deductions for private hospitals that establish treatment centres.
- Support investment for children's activities' centre.
- Seek cooperation with neighbouring countries to eliminate drug supplies on the border.
- Set harder measures and special justice court to speed up drug related crime cases.

National Agenda 7

Declare War on Corruption

- Proceed with definite measures against top government officials at all levels who are corrupt.
- Strengthening the National Anti-Graft Commission with sufficient budget and guaranteeing freedom of action.
- Reform the law on national budget allocation to shut out corruption.
- Set up the People's Anti-Graft Commission to increase people participation.
- Set up a web-site for reporting the data on corruption and graft both in the government and private sector.

National Agenda 8

Renew Health Services

- Establish a National Health Care Fund to allocate funds for people: expense of only 30 Baht per visit for *any* health case.
- Thais can choose to register to receive services from public and private health institutions of their choice.
- Provide opportunities for people to receive health services in hospitals near their homes.
- Give importance to disease prevention to reduce government expenses for treatments.

National Agenda 9

Build Strong Families, Increase the Role of Women in Politics

- Develop the role of women as the pillar of strong families.
- Support the role of women in continuous self-development to become the pillar of the family.
- Support the role of women in politics, the economic revival, and community development, on equal terms.

National Agenda 10

Privatization of State Enterprises for Highest National Benefit

- No “fire sale” of state enterprises.
- Accelerate improvement in the management of state enterprises to become more professional with a transparent and independent evaluation system.
- Register the state enterprises with professional management in the securities exchange, both domestically and abroad.
- Take politics out of the state enterprises.
- Build mechanisms to prevent politicians from taking benefits from the state enterprises.

National Agenda 11

Set New Regional Strategies

- Disperse the importance of the city to regional urban centres across the nation.
- Set targets that the regional urban centres will have a specialty such as tourism, industry, electronics, handicrafts, herbs, and agriculture, and so on.
- Build a network between the urban centres and nearby towns in the region so they assist each other, and moreover, improve the capacity in production, management, and competitiveness of regional tourism.

The 11 National Agendas will succeed with 6 important measures:

- 1 Reform laws and regulations. The reformation must clarify and categorize the role of laws and regulations in which they control, regulate, or facilitate, and in addition, the participation of people must be emphasized.

- 2 Adjust the role of the government from controlling and directing to facilitating and effectively serving people.
- 3 Modernize government proceeding to support the missions in the National Agenda.
- 4 Support and combine the usage of new technology with the nation development
- 5 Adjust to an economy-led politics philosophy for foreign policy.
- 6 A leader who is wise, sharp, and justifiable!

DISCUSSION

Question:

Sharon Siddique (Private Consultant): Would M. R. Sukhumbhand care to give some comments on the current role and position of the monarchy?

Question:

John Funston (ISEAS): Mr Sukhumbhand has quite rightly focused on the future of the Thaksin government, but the future of Thailand is going to be very much influenced by the future of the Democrat Party. There is a perception that the Democrat Party is not sure of where it is heading. There are questions asked about how long the former Prime Minister Chuan and former Finance Minister, Mr Tharin, will remain as leaders. Mr Tharin was blamed by many for contributing to the unpopularity of the Democrat-led government at the last election campaign. His position as leader of the economic team was withdrawn. Nonetheless, he seemed to have played quite an important part in presenting the Democrat position on the economy during the initial parliamentary term. Could you provide some insight on where you see the Democrat Party heading and how it is resolving the above issues?

Question:

Daljit Singh (ISEAS): Could M. R. Sukhumbhand outline his expectations of the new government's foreign policy especially in relation to Thailand's foreign policy with regard to the United States and China, and the role of human rights and democracy in Thailand's foreign policy outlook?

M. R. Sukhumbhand Paribatra:

The role of monarchy is very clear. The monarchy has consistently played a strict constitutional role. It has done so throughout the process of political change, even during the so-called Black May Crisis in May 1992 in which it carried out a quasi-political role.

As to where the Democratic Party is heading, the answer is we do not know. We have to engage in a process of damage assessment and re-building for the future.

We have not begun the task in earnest as there have been other elections, such as the new rounds of elections for the MPs, the local elections and the by-elections. But we have to think hard about our future. We certainly cannot match the Thai Rak Thai Party in a number of ways, particularly its populism, and its party machinery and funding. The Democrat Party must find ways and means of trying to compete with the Thai Rak Thai Party by other means. But we have survived for 54 years and despite the people's periodic fatigue with the Democrat Party, we usually return to office sooner or later. The Thai people get bored easily, but we also forget easily. I wish that all Thais were like Singaporeans where you accept your leadership for 30, 40 or even 50 years. In Thailand, people wanted change after 6 years of Democrat rule during an 8-year period. But we will be around at the election and in the meantime, we have to put on our thinking caps.

As for the question of Tharin, there was some misunderstanding. Chuan Leekpai, the Democratic Party Leader did not drop Mr Tharin but focused on promoting one of our rising stars, Apichit. In retrospect, I think it has led to some confusion regarding the leadership of the Democrat Party's economic team. And when pressed to name the leader of the Democratic Party's economic team or who would take up the position of the Finance Minister should the Democrat Party be returned to power, Chuan Leekpai refused to answer. And rightly so. In Thailand, it is very rare that a party leader would name his Finance Minister before the elections. In the election of 1996 Tharin was named as Minister before the election was concluded, but that was an exception rather than the rule. The Thai Rak Thai Party also did not name their candidate for the Finance Minister. Therefore one should not read too much into that.

My greatest fear about Thai foreign policy is with the overall coherence of Thai foreign policy rather than with any single component. Dr Surakiart, the new minister, should know enough about political realities to know that he cannot change Thai foreign policy overnight. In the last three years, Dr Surin and I have mapped out a foreign policy that was very balanced and reflective of the consensus of several groups, namely, the Thai political leadership, the top bureaucrats from the Foreign Ministry, the Defence Ministry, the National Security Council, the National Intelligence Agency and other relevant agencies. The policy we mapped out reflected our recognition of the

realities which has not changed too much since that time. Our policy was balanced and did not attempt drastic changes. It will be difficult to change the course of Thai foreign policy during the next two years or so. But I suspect there will not be as much coherence as during the period of our government. We had extraordinary support from the head of the government and from within the armed forces, especially from the new army chief who remains in the position to today. The Foreign Ministry, supported by the other agencies, had almost a free hand in formulating and implementing Thai foreign policy. Such forms of coherence were probably an exception rather than the rule. And I think the present government will not maintain this coherence because different ministers, such as the Defence Minister, the Prime Minister and the Foreign Minister, have their own agendas. However, the Foreign Minister may be locked-in to a similar course by the realities outside Thailand and with the ministry itself.

The issue of coherence is probably the most problematic in Thailand's relations with Myanmar. In the past, Myanmar governments chose to ignore the Thai Foreign Ministry and successfully worked directly with the Thai military. As a result, political negotiations between the two governments were not meaningful. In the last three years our Burmese friends have had to deal with the Foreign Ministry because the military have allowed the head of government and the Foreign Ministry to take the leadership in foreign policy. In some ways, our policy of close cooperation and subtle suggestions was successful in moving Myanmar towards a more positive course. We could not eliminate all areas of differences between the two countries. No government could achieve that due to the length of the border between Thailand and Myanmar, and the widely varying differences in perspectives and ideologies between the two countries. Hence, partly due to our balanced policy, our negotiations with the State Peace and Development Council (SPDC) or government authorities and opposition leader Aung Sang Suu Kyi, represented a very positive development. If there is no coherence in Thai foreign policy from now on, we will have more problems dealing with our Burmese neighbours than before.

Question:

Chin Kin Wah (Singapore Institute of International Affairs):

What is the current place of the Association of Southeast Asian Nations (ASEAN) in Thai foreign policy? Its absence in the papers presented is significant. There was a time when it was thought that we had some good champions for constructive engagement within ASEAN. With the change in government, will those voices be lost? If so, what would be the consequences in our attempts to nurture some paradigm shift, hopefully, in the way we deal with one another within the context of future crisis?

Professor Kusuma Snitwongse:

If I read Foreign Minister Surakiart's position correctly, he stressed the so-called "Asian way" of non-intervention. It seems then that we are going backwards, and rejecting the headway that the former government has made. May I also, from the panel, ask M. R. Sukhumbhand, if the Chuan administration had confirmed, was ASEAN still viewed as the keystone to the Thai foreign policy?

M. R. Sukhumbhand Paribatra:

We attached a very high priority in promoting cooperation and initiating new ideas within the ASEAN framework. The Foreign Minister, in particular, spent a lot of time in activities related to ASEAN and especially during the run-up to the Annual Ministerial Meeting (AMM) meeting last July. He also invested a great deal of his own credibility. To a certain degree, he succeeded in pushing ASEAN forward in these areas. In my judgement the most important achievement of the Chuan government in ASEAN was to help keep ASEAN alive and vital during a very difficult time for the entire region. We might not have totally succeeded but I think we have tried in our attempts to keep ASEAN alive and reflect our commitment to ASEAN. Naturally, we could not have done anything without our friends, the other member states, in ASEAN.

I really do not know how committed the leadership of the Foreign Ministry is to ASEAN. Mostly the new Foreign Minister talks about bilateral relations and the economic component of bilateral relations with Thailand's neighbours, instead of ASEAN as a whole. When he made references to Thailand's neighbours, I think he had in mind only the immediate neighbours such as Myanmar, Laos, Cambodia and perhaps

Malaysia. But he has been very silent about ASEAN and so we have to wait and see. One hopeful sign is that he accepted the ASEAN practice by making his first overseas trip out of Thailand to the country that chairs various committees in ASEAN, and this year that country is Vietnam.

Dr Kitti Limskul:

As far as I understand the Foreign Minister's outlook, he thinks that Thailand cannot ignore Myanmar for better or for worse. As neighbours, Thailand cannot neglect Myanmar's problems. My rough guess is that the Foreign Minister wants to be friends with Myanmar first, and then more issues can be raised following on from this friendship. Of course the new government does not agree to Myanmar's suppression of humanity and its export of drugs. The Thai government is very serious about these issues too, as can be seen from recent dialogue between Thailand and Myanmar. Dialogues must include issues of national interest such as sovereignty, drugs, and the situation of the Wa people and other minorities along the border.

In terms of ASEAN, I think Surakiart is well aware of the ASEAN practice which M. R. Sukhumbhand mentioned. He is careful enough to follow the former government's style. As for the other matters within the context of crisis management, bilateral and multilateral dialogues are being carried out. ASEAN alone cannot prevent crises and we need multilateral talks with Japan, China and other countries. In concrete terms, the Japan-initiated Asian Monetary Fund must be considered as a regional issue and thus goes beyond ASEAN. In this context, ASEAN must be unified to manage crises together.

The bilateral linkage is important as Asian countries such as Japan and Singapore have established bilateral relations on specific areas such as trade. Even if countries have multilateral relationships in the World Trade Organization (WTO), each country should be able to talk bilaterally, especially on strengthening monetary agreements. Hence in the case of Myanmar and ASEAN, Dr Surakiart will place neighbouring countries on a higher priority compared to countries that are further away. But that does not mean that relations with superpowers will be ignored or broken. A balance should be maintained. As China will enter the WTO, relations with it must be strengthened too. In addition, given the recession of the world economy, it is not wise

to neglect China's as it is a big market. In this recession, the United States cannot be the sole destination of our exports. But the United States is very important to Thailand, so the principle here is that relationships should never be neglected. It is a triangular relationship for Thailand in terms of the United States, China and Myanmar. If we mediate between Myanmar and the international community, we can facilitate investment from the international community and from Thai businessmen into Myanmar. At the same time, we can uphold pressures on Myanmar in its human rights violation. My analysis is that it is more effective to link Myanmar with the international community instead of chasing them away. Further isolation is more dangerous to the region, especially to Thailand's sovereignty. We must be concerned about humanitarian and drug issues. I am not speaking for Surakiart, but from my own impressions.

M. R. Sukhumbhand Paribatra:

May I thank Dr Kitti for outlining our foreign policy and the Chuan government's policy towards Burma.

Question:

Maya Ann Pinto (IdeaGlobal): As M. R. Sukhumbhand had rightly identified, one of the key concerns is the impact of the constitutional court ruling. How long do you think this ruling is going to take? And if Dr Thaksin is banned from politics do you think the Thai Rak Thai will survive? How do you see Thai politics emerging after the ruling?

M. R. Sukhumbhand Paribatra:

No one quite knows how long the Constitutional Court will take to study all the documents presented by the National Counter-Corruption Commission. Dr Thaksin has a team of some 40-50 lawyers, and lawyers have a way of binding things up. So I do not know when the Constitutional Court will be able to reach a verdict, but astrologers keep talking about changes in mid-April. So it depends on whether you believe in astrologers or not.

Will Thai Rak Thai be able to survive the loss of Dr Thaksin's premiership? I think it partly depends on the sentence if he is found guilty. There was talk that the 5-year ban should begin the moment he was supposed to declare his assets, which was 3 years ago. That means that if he were found guilty tomorrow, he will be banned for only 2 more years. But that somehow goes against common sense. However, if it is indeed the case that his ban is for a year and a half, then I think the Thai Rak Thai Party would survive. The Party can stay on for 4 more years. On the other hand, if he were to be banned for 5 years, there will be a lot of questions and I think that not all the answers would lie with Dr Thaksin.

Question:

Yu Wing Yin (East Asian Institute): M. R. Sukhumbhand, you have alluded to this desire for change as a course for the demise of the Democrat Party. Indeed we have observed the propensity for change in personalities in Thai politics. Often we see that even the same government does not last very long. But this same propensity for change does not seem to be exemplified in the Thai way of life in general. Of course I would be very interested in getting more insight into this phenomena of frequent changes of political personality. As long as we are talking about bilateral versus multilateral modes of foreign policy, especially in relation to ASEAN and perhaps also to APEC and other international bodies, we know that typically bilateral relations have the timeframe of a few months and multilateral relations one to two years or even longer. Would this phenomena or this characteristic of frequent personality changes have any bearing on the priorities placed on multilateral approaches to the foreign policy, *vis-à-vis*, bilateral relations?

M. R. Sukhumbhand Paribatra:

May I correct your words. The demise is not that of the Democrat Party but the Democrat-led government. We are still very much "alive and kicking". I think there must be some duality in the Thai character. In many ways we are traditional, conservative and we do not change our course in foreign policy very often. At the same time, we get fed up with personalities very quickly. Sometimes, it is extraordinary. It is said, for example, that Thai men get fed up with Thai wives very

easily. There is this duality in our personality that we get bored with personalities, individuals, very quickly. So it was a miracle that we remained in office for 3 years, the longest continuous period in office for a democratically elected government. In retrospect, if we had dissolved parliament a year earlier, we might have won the election, but 3 years was just too much for most people. And this is something that we have to take into consideration. This propensity towards personality fatigue is a fact of life in Thai politics.

Question:

Daphne (Radio Singapore International): I am doing a research on overseas Chinese in Southeast Asia, so my question is quite specific: How do you see the role of the Thai Chinese in Thailand with this present Thaksin government and what changes do you see in the role of the Thai Chinese in terms of economics, politics, culture, and policy?

M. R. Sukhumbhand Paribatra:

Let me say simply that the Sino-Thai community is not a homogenous community. This is not a political community. The most obvious manifestation is the prevalence of Sino-Thais in the business community.

Question:

Daphne (Radio Singapore International): However, former Prime Minister Chuan Leekpai was a Chinese, so there must be some sort of political role that the Chinese people do play in Thailand.

M. R. Sukhumbhand Paribatra:

Not really. Every Thai politician worth his salt would try to claim some sort of Chinese descent except for the unlucky ones like me, who dared to run in a Sino-Thai dominated constituency without declaring that I have a Chinese forefather, and then still won. But usually politicians claim some sort of Chinese ancestry, and for good reason. Dr Thaksin does it as well. To do that is one thing but to say that the Sino-Thai communities have political coherence, backing one government and not the other,

is quite another. I think the Sino-Thai community has tried very hard to be apolitical as a community because it knows that it will be isolated from the rest of the Thai society in the political sense. The most they would admit to in terms of political affiliation is their affiliation towards the Democrat Party because it was the Democrat Party that helped them gain the right to vote about 30 years ago. So even though many would vote for the Democrats most of the time, not all of them would.

Dr Kusuma Snitwongse:

As Sukhumbhand has explained, the Sino-Thai do not act as a political force. But for several years now, the Sino-Thai have been more open about their “Chinese-ness”, which used to be hidden or not mentioned. I remember meeting a colleague from another university in Chiang Mai who told me that he was attending the Hainanese Association’s meeting. I never even realized he was of Chinese descent. This anecdote illustrates an increasing readiness of the Sino-Thai to declare their Chinese ancestry. In another example, in 1999, the Sino-Thai built a Chinese-style gate leading into Chinatown for the Chinese President’s visit. There was no talk about such a place as Chinatown before this. As I used to say, the whole of Bangkok is Chinatown. There are other examples of an emerging consciousness. During the recent planned Falungong meeting, some Chinese associations, such as the Teochew Association, made a lot of protests and called them the evil cult from the mainland. That provided enough pressure for the Falungong organization in Thailand to cancel the meeting. Of course the thinking that China could be the engine of growth, especially when it joins the WTO, will align the Sino-Thai community with the government. This common interest would push Thailand towards closer relations with China.

Dr Kitti Limskul:

Excluding economic issues, ethnic Chinese ethics were assimilated into Thai culture and we live harmoniously together. I think there is no problem except for the recent Falungong issue. Actually these Thai-Chinese issues had never been talked about for more than 20 or 30 years.

Question:

Gary Lim (Gary Lim Consultancy): One of the dramatic shifts in the economic policy of the Thaksin government is the high emphasis on agriculture and the downgrading of the export sector. This goes against the normal development path of most developing countries to upgrade their economy and to move up the economic development ladder. Do you see an inconsistency here against the high economic growth that is necessary for your government to finance many of the programmes?

Question:

Nor Izham Ahmad (BridgeNews): My question is for Professor Kitti: What will be the total cost of the package for the farmers in terms of debt moratorium and also how does Prime Minister Thaksin's government hope to raise the funds needed for these economic policies?

Question:

Chia Siow Yue (Director, ISEAS): Professor Kitti has outlined that the Thaksin government's policy emphasizes self-sufficiency and self-reliance. The concern is that you are probably sending the wrong signals, or maybe that is the signal you want to send to foreign investors, that Thailand does not welcome much foreign investment any more and that Thailand will not continue to pursue the export-orientated policy it had pursued in the last 30 years. And if that were the case, ie that you are de-emphasizing foreign investment, and that you are de-emphasizing exports, how is Thailand proposing to find the foreign exchange earnings to pay off its huge external debt?

Dr Kitti Limskul:

Those who listen to the new government's platforms always have the same misunderstanding. If one looks at the whole economy, it can be divided into those parts that are tradable and those that are domestic. The tradable parts are those who are concerned with international markets. This part of the economy, the external part, is like an egg shell. The inner part is the domestic component comprising the rural economy, the local entrepreneurs and so on. So this policy is designed not to harm the external sector, because Thailand has to obey the WTO in any event. For the

international part, foreign investment complies with the existing rules and laws. Thailand is opening, or has already opened. We will never retreat back to the days of the closed country. But right now, that part of the egg shell is expanding very quickly because of the debt liquidity swap and other events. However, we are ill internally because we are not able to produce income. Thailand is not able to stand on its own two feet, even though we have full access and security to natural resources. We do not have enough funds to do this without restructuring our own economy. Look at the input-output tables, you will see that for every dollar of export, we will have to import 80 cents. If the whole GDP is determined by export alone, we will have a very fragile economy. So we need to raise domestic consumption by using government expenditure to invest in demand so as to balance the export-import sector. This does not mean that we will neglect imports. It is fine if we are able to export to earn foreign currency, for example through agriculture. But the idea is to inject a certain kind of fiscal stimulation plus monetary policy. However, most of the SMEs are indebted. 70 percent of them are having problems with loans. It is not good that we have no money to inject in order to bail them out. In order to revive the economy, the only way to go about it is through the agricultural and rural economy. That is where most of the consumers are. But of course agriculture alone cannot produce foreign earnings. The value-added from agricultural and rural economies is not that much. But we believe that by stimulating the rural economy and restructuring the production system, it can have a multiplier effect on the non-agriculture products. Then the non-agriculture produces can be exported.

So did we neglect foreign investment? This is not the case, but we prefer investment that uses more domestic resources so that the foreign currency will not be disturbed as much. Many academics have demonstrated that foreign investments have positive and negative points. But then if foreign investors do not want to use domestic resources, then they will not be given the same assistance. What Professor Chia is afraid of is that we will return to the old days. We cannot go back to the old days of a closed economy. We have to strike a balance between domestic demand and external demand in order to set the path for sustainable growth. So the growth path will be driven by domestic demand. The growth prediction is 4.5 percent this year. The eventual target is 7 percent. It is a depressed domestic demand so we need to shore-up

in order to restore the domestic demand until it rises back to a normal level. Then the government can intervene less. From there, domestic and external demands will proceed in a natural way. This is the kind of modelling forecast that I believe is possible. Please do not take away the misunderstanding that we will downgrade the export sector. The export sector must grow by itself. But the government being the one who holds the fiscal and monetary instruments needs to focus on domestic demand. If one looks at the world situation right now, we cannot rely heavily on exports alone because the world economy is highly unstable. In January this year Thailand faced the trend of declining exports. Hence increasing the role of domestic demand is a rational thing to do, rather than to pin all hopes on exports.

Money from the total cost of the village programme is 70 billion baht. The amount is not to be dispensed in one year. It will be allocated on a year-by-year series, entering in and drawing from the budget. Moratorium from interest will cost 18 billion baht. This is also over 3 years, and not to be done in just one year. In addition, the 30-baht health fee is already in place in the budget. Probably another 10 billion baht is needed. So altogether the cash upfront that the government needs right now, in terms of accounting, for 3 years, is 70 billion plus 18 billion plus other expenses. The figure is not more than 150 billion in 3 years.

Now the CAMC will use the swap paper. The paper will be issued by the Central AMC as a bond and be swapped for the problem loans. That will cost around 400 billion. But that bond will be guaranteed by the FIDF, it will not be fiscalized into the budget. Of course the government has to accept that in the end everything may be defaulted. Alternatively, it may be decided that the bank can issue warrants to ensure that the government does not bail out the rich. So there are many options. In total, the amount should not exceed 150 billion baht. Do not forget that the 70 billion baht going to the villages is direct redistribution. At the end of the day it is the villagers' own money that we are pledging to return.

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