

# BEST WISHES FOR ASIA

Dr. PUEY UNGPHAKORN  
SPEAKS OUT ON  
PEACE DECENCY  
AND FREEDOM

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# **Best Wishes For Asia**

**Dr. Puey Ungphakorn**

**Speaks Out  
on Peace Decency and Freedom**



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## Preface

The problems faced by countries like Siam and those of S.E. Asia generally are of such a nature that they cannot be solved in a year or two, or even in a few decades. This is my justification for complying with the wishes of my friends who suggested the collection and publishing of the speeches, essays and interviews contained in this book. The earliest address was delivered in 1967; the latest in August 1974. Some of the material has been shortened, in some cases to eliminate what is inevitably dated by the passage of time, and in other cases to omit what was technical and therefore of little general interest. It is my regret that the pressure of duties makes a more complete revision impossible. Nevertheless, my friends believe that the material here presented has value both as a record of my own thinking, and even more as a commentary on the years which may well prove to be decisive in the history of this part of the world. The winding down of the Vietnam war and the October '73 revolution in this country are the high water - marks of the period covered by this book. Behind every man's social, political and economic theories lie his personal convictions and ideals. It is therefore appropriate that I should make these explicit (albeit in a fragmentary way) in the opening essays of this work. The reader can judge for himself the extent to which they have influenced my thinking on other, more specialized, matters.

This book is not designed primarily for the experts. Rather is it an appraisal of many of the central questions which will continue to face Siam and S.E. Asia for many years to come, and some

of my reflections on them. I hope the varied circumstances which gave rise to them will give a freshness to the material. I also hope it will lead many other people to think about these issues, and to seek constructive solutions to the various problems discussed.

I would like to thank my friend Sulak Sivaraksa and his associates for the work they have done to make this book possible. I do not thank them however for the way they have pestered me regarding the publication while I am busy with so many things which need to be done. Now I hope they will forgive me for my rudeness and delay in responding to their various requests.

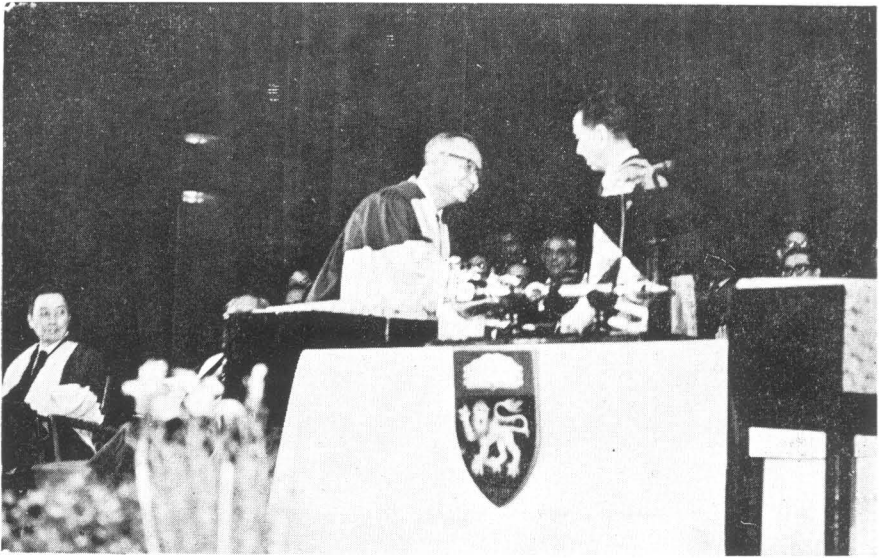
*Jayaprakash*

6<sup>th</sup> October 1974





The author receiving a Red Cross medal from H.M. The King.



The author receiving an honorary doctorate degree from the University of Singapore.

**PART I**  
**PERSONAL PHILOSOPHY**

# THE ROLE OF ETHICS AND RELIGION IN NATIONAL DEVELOPMENT

## LECTURE I

### The Principles of an Agnostic

#### *The Synthesis of Christianity and Buddhism*

When I was young I attended for nine years a school which was founded by Catholic missionaries and later taught there for over four years. So I became acquainted with Christianity from my childhood and have read a little of the Bible. Later on I went to Europe to further my study and came across other sects of Christianity. I, therefore, have no excuse to say that I know nothing of Christianity. As for Buddhism, I naturally was brought up in a Buddhist family since the day I was born. This is, I guess, the reason, why I am invited here, even without any pretension to religious expertise.

The result of any religious and ethical teaching may be direct and indirect. The direct result is obtained when the students have acquired faith in the ultimate goal of the religion. This, for Christianity is the belief in God, in the new life in communion with God, the embodiment of the Supreme Good, the Ultimate Truth and Perfect Beauty. In Buddhism (I leave out all the sects which worship the Buddha as a mythological god) the final aim is to achieve Nirvana, whereby one can break away from the endless cycle of birth and rebirth which is first and foremost, the cause of all sufferings. Religious teachers aim at inculcating faith; and this is what is meant by the direct result of religious teaching.

The indirect result is not less important; the end is to teach people to do good, to preserve moral codes and not to commit

sinful acts, and so on. This is the ethical part of religious education aiming at the preservation of righteousness, beauty and truth within the human community. Its acceptance would lead the person to inner happiness and enable him to live in peace and happiness with his family, his friends, his colleagues and other members of society,

What I have said is my personal view, looking back at my own religious and ethical education both at home and at school. In assessing its result, I find that I have acquired very little faith, and much more of the ethical principle from my earliest education. I shall attempt to clarify this statement.

### *The Necessity of Faith*

I cannot claim that I have faith in God or Nirvana, because I cannot honestly affirm the existence of God or that Nirvana is the ultimate aim. To be sure, I am not denying the existence of God or Nirvana, either. Metaphysics is not my concern, because it is beyond the realm of human reasoning. This bias might be compared perhaps with colour blindness. I fail to see why it should be a bad thing not to believe in God or Nirvana. If the lack is a mistake, then it is only an individual's mistake, harmless to other people as long as one holds on to moral principles. If God really exists, it is unlikely that He who is infinitely kind would inflict punishment on a non-believer who is a moral person. If there is Nirvana, it is impossible not to eventually attain it simply by doing good. Therefore I conclude that faith can be left alone. Moreover, the preference of rationalism is supported by the Buddha's saying in Kalamasuta:

“Brethren, do not believe things simply because they have passed from mouth to mouth, nor because they come from tradition, nor because they have been rumoured, nor because they are in the textbooks, nor because you have guessed them, nor because you have expected them, nor because you feel that they are so,

nor because they agree with your inclination, nor because they have been said by a reliable person or by a teacher or even by myself. Do not believe anything until you have reasoned it out within yourself and reached clear conclusions.”

In fact, I believe that superficial faith, without support of moral principles can do more harm than good. Some people who call themselves Buddhists may go to the monasteries to hear sermons and may offer food to the monks every morning. But if they tell lies, cheat and break other religious rules (sila), they must be considered bad by any standard. Similarly some Christians would not hesitate to commit sins because they believe those sins will be forgiven by confession. They are no better than school children who start practising bribery—that is, promising to give offerings and sacrifices to the gods if the gods will help them pass the examination. I do not believe that this way of treating a religion is right or proper.

The question I would like to discuss in connection with the lecture's topic is whether the lack of faith is an obstacle to the country's development. Briefly my answer is as follows:

- (a) If anyone has no faith but does not break the accepted codes of morality, he still can fully contribute to development.
- (b) The possession of faith as well as a high standard of morality, is of course all the better; perhaps, faith might help the man in every respect.
- (c) Anyone who holds faith without morality constitutes a definite obstacle to development.

It should be perhaps emphasized that what has been said so far in this insitution of religious learning is in no way to be construed as derogatory to the Seminary and its Faculty. My actual objective is to correct some misunderstanding in some educational circles in Thailand which puts too much emphasis on faith, that is superficial faith or hypocritical faith, and which gives too little importance to morality. According to a government slogan, broadcast

on the radio, a person without religion must be a communist or a terrorist. Some school teachers also repeat this theory to their pupils. To me a moral though irreligious person ought to be respected as a good person. I would like also to submit that religious teachers, Buddhist and Christian alike, are contributing greatly towards national development in educating people to have faith and moral principles. If the teaching results in the students' acceptance of both faith and moral precepts, all the better. But, even if faith is lacking, good moral practice among people and their leaders could still do perfectly well.

This suggestion will be further elaborated later on. But first I would like to say something about the ethical benefits which we derive from the Biblical teaching and the Buddhist teaching. In so doing, it is necessary for me to rely heavily on my own experiences and my own opinion resulting from an inseparable mixture of Christian and Buddhist education. Please forgive me for having to talk too much about myself.

### *Personal Ideals*

The ideals or objectives in life are Truth, Beauty and Goodness. I believe this formula comes from Christian teaching. I like it because it is easy to remember and meaningful. Similar ideals can of course be found in Buddhist teaching, but they may be scattered in various places. The merit of a simple formula is that you can refer to it again and again. The Buddhist reference to the Triple Gems—Buddha, Dhama and Sangha, has similar advantages, although it refers to different matters. ¶

Truth, Beauty and Goodness together are important factors in developing any individual as well as the community in order to achieve progress and prosperity.

Truth, "Sacca" in Buddhism, is the principle which everyone ought to seek in the context of everyday life in the quest for spiritual enlightenment, in natural sciences, and in social sciences.

Obviously material progress and better welfare are largely the results of scientific progress. The advancement of science is brought about when man discovers the truth in nature and applies it for the benefit of mankind. Progress in natural science by itself is not enough. It must be supplemented by the truth in social sciences. Together, they will help to maximize the material benefits needed for man living in community. Truth is thus an important factor in development.

Beauty is the food of the mind. Since we differ from animals for the very reason that we do not strive for merely material progress, we must have the satisfaction of the mind as well. Beautiful paintings, pretty persons, attractive landscapes, colourful flowers with nice smells, good speeches, good music, poetry, heroism and human sacrifice are all Beauty just like delicious food, things which appeal to the touch, or extraordinary athletic feats. All these contribute toward the development of the mind and hence the advancement of mankind. They are, therefore, indispensable for national development.

Goodness preserves and regulates the world. In a world of evil, men will exploit each other and harm each other instead of helping one another to improve the community. Both Buddhism and Christianity extensively emphasize this point: first one must distinguish between right and wrong. The Buddhist call it "Hiri-Ottapa" (shame and fear of sin); the Christian refers to it as "conscience". Secondly, there are positive rules of ethics urging man to behave well and to fulfil his duties towards himself, his community, society as a whole and the nation. Goodness is thus an important factor in the development of man and nation.

Truth, Beauty and Goodness, these three ideals of both Christianity and Buddhism, thus form the basic foundation of national development.

### *The Means to the Ideals*

After we have established Truth, Beauty and Goodness as our



guiding principles, the next question is to find the means to attain these ideals.

To answer this question, I find it difficult to satisfy myself with a simple formula from Christianity. This may be due to my own ignorance. I am also not fully satisfied with the Buddhist Eightfold Path—that is Right Views, Right Conduct, Right Livelihood etc., because it does not explicitly explain the meaning of “Right” in this context. Another formula from Buddha’s teaching concerning the four kinds of strength appeals to me more as containing guiding principles for self-development and for national development. They are as follows :

- |                  |                |
|------------------|----------------|
| 1. Panna Bala    | – Wisdom       |
| 2. Viriya Bala   | – Diligence    |
| 3. Anavajja Bala | – Harmlessness |
| 4. Sanghaha Bala | – Solidarity   |

This formula appeals to me for its completeness. Wisdom helps us to decide what is right, what is wrong and what is beautiful. It also points the way to the Ultimate Truth. Yet, wisdom is not enough, if unaccompanied by diligence. Knowledge is rendered useless by neglect and inertia. Again having wisdom and diligence is like having a vehicle with a good engine and an excellent driver. We still need good braking and good steering facilities, in other words, prudence and avoidance of harmful actions. Furthermore, we also need altruism, kindness and generosity towards others in order to lead us to Beauty and Goodness.

This process of mixing Buddhist and Christian teachings is all for my own convenience. I by no means try to urge anybody to follow. My submission is simply that the two moral codes do not conflict: on the contrary they fit each other well. Those fortunate enough to have access to both are all the richer: they have a wider choice. They can pick and choose what appeals to them to make the formulae their own, easy to remember and easy to apply.

### *The Bases of a Good Society*

Although each of us here might have already established some sort of principles of life with the help of Buddhism or Christianity or both and although the precepts of these religions are immortal and applicable to all eventualities, I feel that modern society has its own peculiarities and its own characteristics. General principles, however applicable to the present society, may become vague and misunderstood or be irrelevant to modern problems. Once we have laid a solid foundation for life from the synthesis of both religions, I think we ought to build the superstructure ourselves. For this reason I have attempted to reconstruct some basic social principles along that line for my own use and for presentation to modern students. This method has the advantage of simplicity and direct relevance over the traditional teaching methods. At least we can speak the language that the present day layman can readily understand.

Thus when we ask ourselves what are the bases of a good modern society, my answer will be as follows :

1. Efficiency
2. Freedom
3. Justice
4. Kindness

These four qualities will be discussed in the next lecture. For the moment it suffices to say that Efficiency is related to Truth, attainable through intelligence or wisdom and diligence. Freedom and Justice, like Beauty, are necessary to satisfy the mind of man and to support human dignity: these ideals are reached by an avoidance of harmful actions and by mutual respect. Kindness is the ingredient of Goodness and is fostered by the strength of Sanghaha or solidarity.

Ladies and Gentlemen, you may justly accuse me of confusion and of putting together bits of everything. But I am sure that at least this is an easily understood way by which each of us could formulate for our own use the necessary guiding principles of life.

## LECTURE II

### The Characteristics of a Good Society and the Principles of Development

#### *A Good Society*

A good and prosperous society is one which is efficient, in which freedom is upheld, justice prevails and kindness among its members reigns.

By efficiency is meant the ability of each individual in the society to do things useful for himself and for others. 'Useful in a material sense' means tending toward a good standard of living; intellectual usefulness consists in the creation of Beauty of various kinds to enrich the mind; moral utility results in profound satisfaction caused by the knowledge that a good deed is being performed. The ability may be innate, or it may be created by education and training. With some measure of original ability, man in society is in a position to accumulate further skill in the forms of tools, machines, know-how, all of which add up to the capital of society. Science and technology progress further and further and the knowledge and experience is passed on from generation to generation. The efficiency of a society can thus be divided into present efficiency and the capacity for the future. The accumulation of knowledge depends on research. A nation is indeed incapable of furthering its knowledge if there is no research, particularly in its universities; or if research activities are conducted in committee meeting where words rather than thoughts prevail. Individual know-how, moreover, if well co-ordinated by good administration adds up to a total ability of the society which is greater than the sum of all without such co-ordination. In short, the efficiency of a society is the factor that makes both society and the individual grow further and further. This is what we call development.

Freedom distinguishes man from non-living objects, machinery

and beasts. Efficiency without freedom would render the society one of puppets. Its capacity to grow would be handicapped. It would lack life and variety. Freedom enables man to choose his own objective and the path toward achieving that objective in life. The difference and variety in tastes and inclinations makes the society more interesting and more complete. Furthermore, when man is moved to do something of his own choice, he will likely do it with enthusiasm; and enthusiasm, according to Buddhist teaching, is the heart of achievement. In the Christian way of thinking, each human being has his own innate dignity endowed by God; and this individual dignity is sacred. Freedom is thus an essential factor in national development both in the Buddhist and Christian senses. Democratic principles, therefore, must be earnestly upheld, not only through lip service. Democracy is often obstructed by greed and by self-importance, leading to the neglect, and sometimes to the destruction, of the other's personal dignity. These obstacles to freedom and democracy are also obstacles to complete national development.

Individuals live together in a society bound by justice. Good results in good, and evil brings about punishment, according to both Buddhist and Christian teachings. Men live together in unison only when they are sure of the prevalence of justice. Envy, jealousy, rivalry are caused by the suspicion that one is unjustly treated; and when that happens, unhappiness emerges, peace disappears. This is true within a society; it is also true of a society of nations. Without justice, there will be chaos, anarchy and war. Justice thus leads to peace which is the basis of development.

Men are born unequal both physically and intellectually: some are intelligent, others not; some are strong and healthy, others crippled. Some of us are adversely affected in one way or another during our lifetime. Some live in a place with all educational facilities, others in the country far from light. When these unequal states are recognized, it is the duty of society to minimize the

discrepancies. Said President Ramon Magsaysay: "To those who have less from birth, the law must give more". This is nothing but kindness. In my opinion, certain doctrines wrongly interpreted are harmful, such as the so-called Law of Karma, which is often used as an excuse for not helping, say, a blind child, under the pretext that the latter must have committed a sin in a past life and thus deserves his punishment. This is obnoxious to the genuine Buddhist teaching. Again, those who enrich themselves by immoral means and who pretend to redeem their sin through "charity" should be condemned by Buddhists and Christians alike. There is no kindness in such charity. The principle of kindness is related to the principle of freedom inasmuch as each human being has his own right and dignity. The weak has a perfect right for consideration by the strong, and that not in the name of charity. Kindness ennobles society. A nation cannot grow through efficiency alone: there must be justice and kindness.

### *Planning for Development*

Planning for development must be done within the framework of the four principles mentioned above: efficiency, freedom, justice and kindness.

Development planning, contrary to prevalent belief, is not the exclusive concern of economists and social scientists. All disciplines of learning including moral learning, are involved. When we want to build a house, the ground must be prepared and the foundation firmly constructed. To do farming, the soil must be enriched, water provided, manpower, storage and transport must be readily available.

Similarly, national development can only succeed when every necessary related factor is ready. Of course, one can always start development anyhow, but the result will be chancy, like sowing seeds on infertile land.

The circumstances favourable to national development can be

listed as follows: (a) there must be peace and good administration; (b) the development objectives must be right; (c) the developing technique must be sound; and (d) there should be sufficient power allowed by the law with proper safeguards against its abuse.

What follows will amplify these four prerequisites.

**(a) PEACE AND ORDER AND GOOD ADMINISTRATION :** Planning for development is to plan national investments in order to produce both short-term and long-term results in the future. Such investments cannot produce results if the nation lacks peace. Farmers in a battlefied can do nothing. Vietnam, Laos, Nigeria and other countries where there is a war on have no means of planning even for a few months ahead, for the simple reason of uncertainty. Wars between nations and world wars are obviously inimical to development planning. Even confrontation and threats to peace, as in the Malaysia-Indonesia conflict can affect economic and social well-being of the nations concerned.

The absence of order need not always be caused by armed conflicts. Whenever administration becomes seriously defective, even though there is no communist subversion, national advancement will be considerably affected. Such a situation has been well described in one of our reading texts for children, *Mulbot Banpakich*. It refers to the city of Savatti, where.

“The courtiers found young girls with pretty faces to perform music at their homes and always indulged in sexual passions. They earned money by greed and gave it to their wives. They neglected the moral code and turned to supersition. They abused their power, cheated their servants and chained them. Litigations were determined by bribery of chicken, pork, rice and fish, irrespective of the rule of law. The crooks were rewarded and given power to inflict pain on others. The just, the devout, the old and the learned were considered idiots and fools. The priests neglected their books and indulged in dancing and singing. The people ignored their wise men’s words and became hooligans.

There were of course a number of good respectable people. But in the city of Savatti nobody was kind to anybody; they were all selfish and opportunists. The strong needed not to buy nor beg: they took what they wanted. The officials swore loyalty and honesty, but their hearts were otherwise. They took what they found, leaving the people full of sorrow. The mighty exploited without mercy.”

The evils enumerated are (1) sexual excesses (2) greed (3) superstition (4) corruption (5) injustice in law courts (6) contempt of wisdom and moral principles (7) cruelty and abuse of power (8) officials neglecting their duties.

There are two-fold remedies to such a disorder. One is to endeavour to propagate moral principles effectively among the people and the officials. The other is to concentrate on the leaders in the government. Good leaders will easily be able to lead their subordinates to the right path. Buddha stated this point in the following words: “The leaders must behave morally before society becomes prosperous.” He compared human society with a herd of cattle: if the leader goes astray, the whole herd will go astray: the nation can only attain happiness if the leaders adhere to moral principles; for then the people will practise morality.

**(b) DEVELOPMENT OBJECTIVES :** In common understanding, national development means the increase in people’s incomes, welfare, health and education. How to do this will be discussed in the next paragraph. Here I would like to enlarge upon the meanings and objectives of development: for it is most important to be clear on the objectives. The objectives of national development are three-fold:

1. *The growth of income and welfare both present and future.*  
If we invest more; present consumption will be less and vice versa. Hence proper balance must be struck between present and future welfare, and justice must obtain between present and future generations.

2. *The growth must be accompanied by stability.* Stability here is the opposite of fluctuation, in which all kinds of economic, monetary and social problems occur, and which are harmful to development. A government which prefers to print paper money in excessive quantity instead of taxing people will soon encounter inflation, with all the prices hiking fast as the result of too much money chasing too few goods. There will then be uncertainty in all transactions and development is retarded. This situation prevailed in Indonesia a few years ago. Preservation of stability is the concern of those responsible for public finance and banking.
3. *The growth must be equitably spread out.* In Thailand for instance, to look at the national average income does not make sense: the average income of the Central Plain being three times as much as that of the North East. And the result of development may be that the rich get richer, the poor poorer. This is contrary to the principles of justice and kindness. We must therefore aim at investing more for the benefit of the country people and slow down the investment for the rich. This is nothing more than to apply moral principles to economic planning.

**(c) THE DEVELOPMENT PROCESS :** The development process has more to do with economic technique than other parts of this lecture. It can however be said that the development process consists in comparing the estimated results of alternative investments and choosing the ones with the highest benefits: it means studying cost ratios. Although economic theory is applied here, it is by no means extraordinary and the administration called for follows the normal pattern i.e. to produce the maximum benefit with minimum investment, and to apply wisdom to prevent waste, even in urgent cases. The normalcy in the application of theory is here underlined. There is no short cut or special theory to the development process. Man can force the mind and behaviour of



his fellow man, but he cannot force natural law or economic theories without disastrous effects.

There are two problems to be considered in this context: first, what is to be done first and what can wait; and, second, how to divide development work between government and individuals.

With limited resources, and limited manpower one cannot do everything at once. Priorities among projects must be set. The high priority projects are those that would be catalytic to others, like manpower and education development. Infra-structure development projects should also enjoy priority, e.g. fiscal and monetary reform, road, transport and port development.

In concentrating on economic development the economist tends to neglect other important fields for development; e.g. education, health and welfare. Beauty ought to be considered an important criterion of development, and hence money must be made available for the arts, literature and music. Research in the universities leading to truth and knowledge should be one of the foremost projects for development.

The issue of government versus private enterprise is a political issue as well as a question of respecting individual rights. Communism and extreme socialism would advocate over-all government control, with the individuals as factors of production; whereas capitalism and liberalism emphasize private initiative with minimum interference by government. Both factions, in my opinion, are wrong and unjust: Communism ignoring individual freedom and Capitalism causing exploitation and widening the social gap. I would prefer the middle way, with government encouraging private initiative, while using fiscal and monetary measures to control them. Government activities must also be extended to basic public utilities for the common benefit of the people.

Similarly, powerful people in the government ought to respect the rights and initiative of lesser members of the society. They should not extend their empire to the detriment of others. The

common farmers, traders, and industrialists must have their place in the sun too. Moral principles are here called for.

**(d) POWER IN DEVELOPMENT :** In the process of development, unusual powers are necessary. In the government circle, with more construction work, more people employed, there must be more public expenditure than in normal cases. The more extensive the development, the more money is involved and the more opportunities there will be for abuses. Rules and regulations are necessary and special attention must be paid to prevent corrupt practices.

When construction work is called for, and if we have money for it, we shall be in a position to get the best quality of goods at the most reasonable cost, provided we have good rules and regulations and provided that the officials concerned are honest. These provisos are hard enough by themselves. But in the case where money is not available, the suppliers will tempt us by offering credit while insisting that we buy their goods, irrespective of the cost. Such deals are inimical to development.

In the process of development, the government has to spend more money than without development. This extra expenditure cannot come entirely from increased taxation: the government must resort to borrowing. In domestic borrowing, care must be taken to prevent inflation, which is usually caused by excessive borrowing from the Central Bank, causing the latter to issue more and more money. Loans out of the savings of private individuals, corporations or private funds are good loans. In external borrowing, the consideration is to prevent foreign debts being in excess of the annual capacity to pay: this latter being based upon the nation's annual export earning capacity. On this matter, our government has been wise enough to observe the above rules, and has assigned the responsibility of supervision to the Executive Committee of the National Economic Development Board and its sub-committee on Government Debts.

I have heard a strange doctrine enunciated on this subject. According to this doctrine, in a developing country like Thailand, it is difficult to prevent corruption; besides, corruption should be allowed because it helps speed up development. This is an obnoxious doctrine advocating a perverse views of development. Even if it were true that corruption speeds up development, would it not be better not to develop at all? A little less material wealth with more happiness is to be preferred. But this perverse doctrine, in fact, has no support from any economic or political or moral theory. The more corruption there is, the less development can be achieved. And once a little corruption is permitted, there will be no end to it. The recent lessons of Indonesia, Ghana and other African states are clear and very instructive.

### LECTURE III

#### The Development of Man

In this last hour, I intend to be short, in order to give an opportunity to the audience to discuss my views or ask questions to clarify certain obscure points. I hope the audience will cooperate with me in this.

But I cannot omit submitting some thought on the most important subject relating to ethics, religion, and development: the subject of man.

The development of man comprises formal education and educational training after school age. This subject deserves full and lengthy treatment, and perhaps could become the theme for another Thompson Memorial lecture series. I shall, however, submit here only a few ideas,

For children of the primary education age group, the government has the obligation of providing full and free schooling. At present, we are failing in this obligation: and this problem is one of the most important items in the national development plan.

As long as we fail our children in literacy promotion, we should feel ashamed, for we have failed them both morally and in terms of overall development.

Some say that we have not enough qualified teachers to man the schools. I disagree entirely with the emphasis on qualification. Primary school teachers need not be highly qualified, what they need is more diligence. The emphasis on higher qualification leads many teachers to learn for their own good instead of concentrating on teaching the children. Supervision of schools is also defective. Negligence in the duties of a teacher is immoral and a drawback to development.

At the moment, secondary education is still not compulsory in Thailand; but the more educated the children, the better for development, as exemplified by Japan. Secondary education for some people is the end of their school days; to them we must endeavour to give some vocational skill for their livelihood. Vocational education development is very important in my view.

Those who leave school after the primary grades or secondary grades still need to be taught further in order to be of more use in the national development process. Out-of-school education and training must seriously be carried out both for the sake of literacy and for the sake of vocational improvement.

University students can be considered elite. They must learn a wide range of subjects, learn to take the responsibility of leaders, and must have a profound knowledge of their own subject.

At whatever level of education, we adults have the obligation of inculcating in our youngsters the knowledge of good and evil and the correct moral values. Sometimes our youth seem to have been misled into believing that drinking, wenching and cheating are the normal behaviour in life. We adults must set them good examples by our own behaviour, thus showing them the right sense of values. Good examples are called for from parents, teachers, and famous public figures. The bad behaviour of children and

youth is always caused by the immorality of adults.

Nowadays, we often complain that school children and students are unruly, disobedient, quarrelsome and inclined to be violent. We can complain; but what are we doing about it? I cannot help feeling that in the long run the best means of solving these problems already exist in Buddhist and Christian teachings—i.e. love, kindness and good example, particularly love. If love prevails between youth and adults, there will be mutual trust and respect. Love is the sacred food for the human race irrespective of our religion, Buddhism or Christianity.

The Sinclair Thompson Memorial Lectures,  
January 1969, Christian Seminary, Chiengmai.

## TRUTH-UNITY-SACRIFICE

This speech deals with the Pali motto of the Thai Bankers' Association "Sajjang-Samaggi-Jago" which means "Truth, Unity and Generosity, or Sacrifice".

This is a departure from the usual speeches dealing with political economy and banking and public finance. Election battles have just ended: we have had enough of politics for the time being. Bankers will continue to serve the public and the nation, whichever party wins the election. Also the Governor of the Central Bank must be neutral in politics: he therefore tonight takes refuge in the Pali words. A sermon-like speech is called for to do justice to these Pali words. (Several Buddhist Pali proverbs will be quoted during the course of the speech).

Individuals and societies need moral principles to guide them through life. It is praise-worthy that the Thai Bankers' Association has set itself a good motto. It can be expected that each member will act according to the motto: to seek truth, to be united and to give. "Wise men seek the good and the useful and avoid the evil and the useless."

Truth and truthfulness are the fundamental virtues. They create mutual confidence among the members of an association. We bankers need to trust each other and create credit. Truthfulness however should not be practised only among the members of the Association. They should also be truthful to the Central Bank in various ways: reporting the true rates of interest given to depositors, avoiding fictional accounts, truthfully reporting on exchange control matters etc. Lies to the Central Bank can also lead to hell.

Unity is strength for all concerned and will lead to happiness.

Unity can exist and be maintained on two important conditions: altruism and justice. It is vain for each bank to insist that the others act according to its own wishes to create unity. Each one must be unselfish; no one must resort to unfair competition. Injustice and suspicion of inequity destroy the spirit of unity. Infringements of rules create injustice and suspicion of inequity.

Self-sacrifice of course strengthens the spirit of solidarity. Generosity to outsiders creates cordiality. Generosity towards the weak, the crippled, the poor, is a noble virtue. Generosity is good provided we are not over-generous with other people's (depositors' and shareholders') money, while usurping the credit for ourselves.

Reverting to truth, the speaker thinks that the pursuit of truth would result in better knowledge. The Governors of the Southeast Asian Central Banks in their fourth annual conference at Bali early this month decided to initiate a joint research into the Economic and Monetary Prospects of the 1970's, taking into account the probable cessation of hostilities in Vietnam, the new development in rice production and the industrialization efforts of every country in the region. The Bank of Thailand has been entrusted with working out the first stage of this project. This should benefit all the governments and commercial banks and peoples in the nations concerned.

In seeking truth, one should be careful how one goes about it. "Ask no foolish question and you will get no foolish answer". It is right that one should be concerned about how the nation's international reserves are managed. But to ask in public whether the Central Bank is going to support the American dollar is to miss the point. It is not the duty of the Bank of Thailand to support or not to support the American dollar or any other currency. The relevant question is whether the management of the international reserves is sound from the point of view of the Thai nation. On this question one should look at actions rather than listen to words. The law provides that the currency reserves be held in

gold, sterling and American dollars. In practice, these reserves are mostly invested in dollars and the Exchange Equalization Fund also deals exclusively in dollars. The most recent information on our reserves is that about 89% is invested in American dollars, to earn interest; about 9% is held in gold for security purposes; and the rest in sterling. A little observation will readily reveal the truth.

In conclusion, let us invoke the following traditional Buddhist blessing: "As the eternal spring fills waterways and enriches the fields, so may the good deeds of the Thai Bankers' Association fulfil every need, every aspiration of its members. May our hosts' wishes promptly come true. May their thoughts be as complete as the moon in the mid-month, and as brilliant as the rarest precious stones.

May our hosts successfully avoid every mishap, every illness. May they have long life and happiness. O, cordial and gentle hosts, may you be blessed with the four dharma: longevity, good complexion, happiness and strength."

Let every guest raise his or her glass and drink to the prosperity of the Thai Bankers' Association and to the happiness of its members.

Address to the Thai Bankers' Association,  
12 February 1969, Bangkok.



**PART II**  
**THAILAND**

## THE SOCIETY OF SIAM

On this auspicious occasion of the seventieth anniversary of the founding of the Siam Society, I am very grateful to the Council for having granted me the opportunity to submit to this distinguished assembly my views on the society of Siam. Coming from a social scientist, this presentation could be expected by my audience tonight to be essentially subjective in content. And, ladies and gentlemen, you will be absolutely right in this expectation. Coming from one who is not in the habit of telling lies—at least not too often, and from one whose finesse in the choice of words is, sometimes unintentionally, at other times deliberately, non-existent, this presentation runs the risk of appearing to be unduly critical. I would however plead that since this society of Siam is the one to which I have belonged for the whole of my fifty-eight years, to which I hope to belong for several years yet to come, and to which my children and grand-children will belong in the future long decades and centuries, I owe to this society of Siam no other sentiment than love, loyalty and devotion. And true love, true loyalty and true devotion, we all know, must not be blind, and must not be allowed to blind us to the possible defects of our beloved.

In the short time at my disposal, therefore, I propose critically to examine the various aspects of our Thai nation: ethnic, social, cultural, economic and political.

In the course of our national history, we Thai people have been generous in welcoming as immigrants from neighbouring countries the Chinese, the Mons, the Burmans, the Khmers, the Annamese, the Singhalese, the Indians. Our Northerners and North-Easterners

have close ties with the people in the Kingdom of Laos; our Southerners with the Malaysians. The ancestors of the vast Bun-nag family, whose members were most prominent in the government in the nineteenth century, originated from the Middle East. The roles played by a Greek and a band of Japanese in our Ayudhya period are well known, and even nowadays some of our Thai names can be traced to Portuguese and other European origins. I submit that this ethnic variety enriches our national heritage and enables each of us to adopt a wider and wiser outlook on life, on one condition, that there should be harmony and cohesion among us. And harmony and cohesion there have been in our society of Siam thanks to two important factors: the good fortune that our nation has never succumbed to the colonial conquest of Western powers, and the wisdom of our kings and rulers in successfully encouraging and fostering assimilation and cross-breeding among the various ethnic groups.

However, this happy state of affairs began to deteriorate in the 1930's with the advent of militarism, nationalism and chauvinism. People of Chinese or Vietnamese origins began to be viewed with suspicion and apprehension because it was believed, with some justification, that they were allowed too much control of the national economy and trade. It has been thought, especially since the 1950's, that people of Malayan race, professing the Islamic religion, should be forced to come into line with the majority in the religious, cultural and educational fields. More recently, the various peoples known by the generic name of hill tribes were again forcefully interfered with in their habitats and ways of life. The emphasis has been wrongly placed on discord, instead of national unity, or national cohesion, as in the good old days. The result is that in the current grave insurgency problems, quite a big proportion of those who fight against the government troops and police are not really communist fanatics, but those minority groups fighting for the freedom to be left alone in their ways of life.

In my mind, national unity is imperative in this country at this critical time in international affairs. Every effort must be made to bring it about through negotiation and reconciliation. The task will not be easy and different approaches must be adopted in different cases. One thing is certain: the use of force for repression will not be successful; it is very wasteful of human lives and property. Discrimination against Thai citizens of foreign parentage in the matter of electoral and civic rights drafted in the new Constitution will make the situation worse, not better.

Mr. Chairman, my appeal for national unity and reconciliation must not be taken as an advocacy for national uniformity or unanimity. Far from it. Unfortunately, the society of Siam is in many respects, excessively conformist, superficial and contemptuous of ideals.

Our own upbringing and educational system fosters conformity which beyond a point, becomes obsessive. Much of the nonsensical events in our life happen in the name of custom and very few dare challenge them. Births, marriages and deaths are the occasions when somebody or other will be ruined because ostentatious customs are blindly observed. "The dead ruin the living," as we are able to reflect in our wiser moods. Our wedding ceremonies look charming and full of meaning and purpose in their original, simple forms i.e. an intimate affair for family and close friends. Nowadays this ceremony has got out of hand and has become more and more grandiose. If you cannot invite the whole cabinet, the whole bureaucracy, the whole Bangkok business community and the diplomatic corps to your son's or daughter's wedding, then you will die with shame. It does not matter whether the cabinet ministers, privy counsellors, high bankers, millionaires, businessmen and their wives have ever heard of the young couple or their parents; it does not matter if some of your guests are notorious crooks; it does not matter how much and for how long you submit bride and bridegroom and the queuing guests to the utmost incon-

venience and discomfort; it does not matter if this superb wedding causes traffic jams for half of the streets of Bangkok, this is the custom and one has to conform. Worse still, Thai couples are only allowed to get married in certain months of the year. The rest are taboo. And during those allowable months only certain days are superbly auspicious, others mildly auspicious, yet others inauspicious. Of course everybody has to plump for the superbly auspicious dates and times. Result: guests, i.e. the whole of the Bangkok elites, have to jump like monkeys from one wedding to five other weddings, and traffic jams spread all over the great metropolis.

Now, if a young man or woman or his or her parents, for that matter, wishes to depart from the custom in the slightest degree, like getting quietly wedded as and when and how the couple feel like it or find it convenient, the nonconformist will be ridiculed, attacked, cut from inheritance, or deemed to be a communist, which is thought to be the worst insult imaginable.

The wedding ceremony is only one example of the abuse of good customs, and of the urge for conformity. I leave you to imagine other instances: housing, clothing, drinking and eating habits, golfing, etc. Talking about clothing, I wish, Mr. President, that you would not have told me to come here in a lounge suit. While parking my car tonight outside this hotel, I discovered that I lost my top shirt button. If my necktie now sways to the left or to the right, I can assure you that this is no reflection on my personal political affiliation. To my way of thinking, conformism tends to impoverish society materially, intellectually and spiritually. By tolerating non-conformity, the society will give itself a chance for fresh ideas and inventiveness. But then the non-conformist needs to have not only initiative and intelligence; what he needs most is courage.

Our society is superficial in character. We are unable to distinguish between substance and form. A young man with long hair

is deemed to be a "baddie" merely because his hair is long, irrespective of his moral and intellectual worth. The aim of education is to obtain a certificate, not necessarily knowledge or wisdom. A marriage certificate and a pompous party are required, not necessarily a harmonious and affectionate family life. To give alms and offerings to the priest in full public view is much more important than to serve society. Truth, justice, kindness and honesty are not as useful as your neighbour's opinion of you.

In our society of Siam, furthermore, pragmatism reigns supreme. "Ideal" is synonymous with foolishness. Look at some of our proverbs which are seriously and religiously observed in our daily behaviour :

น้ำเซียวอย่าขวางเรือ

Do not place your boat in the way of fast currents.

รู้รักษาตัวรอดเป็นยอดดี

The most profound wisdom is to save oneself.

อย่าเอามือไปชกหีบ

Who is going to bell the cat ?

In this convenient way, oppression, tyranny, corruptive practices, injustices are often tolerated in the guise of wisdom. And when young men and women are fired with enthusiasm to improve our society with new ideas, to change our society to suit their present and future circumstances, they are gravely discouraged by ridicule, calumnies and insults.

In the field of economics and commerce, there is a large gap between the rich and the poor, and this gap tends to widen more and more. In Bangkok and other cities, more and more luxurious buildings, more and more expensive eating and spending habits are conspicuously developing everyday and everywhere. In the nearby slums, more and more people and their children go to bed every night feeling hungry. In spite of the success in the overall growth in income and wealth, the rural people are not perceptibly

better off and their livelihood and health are at the mercy of the vagaries of the weather and the fluctuations in the farm prices. Money flows one way from country to towns most of the year. Inferior health, lack of nutritional and educational services in the rural areas perpetuate and aggravate the disparity.

Long years of dictatorship, albeit benign dictatorship, have left us with two deep scars in our society. We have almost lost our love for freedom, in spite of the proud meaning of our name: Thai. Civic and political freedoms are delicate plants to be cultivated, preserved and tended with loving care and strong determination. We must begin to learn that discipline means self-discipline, not rules and regulations or decrees imposed by the people in power. We must get into the salutary habit of challenging authority whenever the latter is arbitrary and lacking in justice and decency.

The other political scar in our society is the excessive centralization of administrative power in the Cabinet and bureaucracy, civilian as well as military. When everything depends on a small group of people, however wise and public-minded, the rest of the society cannot adequately be cared for. Every effort should be made to open the way for each member, each group of members, of our society to play his part in his own way in the conduct and care of our society. Every man and woman should be respected as a human being, endowed with personal dignity, not to be debased or discarded by another human being, however "superior" this latter might be.

Mr. Chairman, ladies and gentlemen, in my ideal society of Siam, there should be unity without forced uniformity; there should be room for the non-conformist, the unique, the idealist even the cranky; members of the society should be able to discern truth, beauty and goodness and cherish them and discard superficial and false values; material and spiritual welfare should be available for all, not for the few; human dignity and freedom are each indivi-

dual's sacred due, however humble he be. Let us all work towards this end and transform the ideal into a reality.

*Long live such a Society of Siam, and  
Long live the Siam Society.*

Address marking the 70th Anniversary of The Siam Society.

27 February 1974.



## THAILAND'S ECONOMIC PROGRESS

The economic development process in which both commercial banks and the Bank of Thailand have played a part has yielded satisfactory results. In the past cycle of twelve years, the gross national product, which is an indicator of economic growth, has almost tripled, increasing from about Baht 42,000 million in 1957 to about Baht, 112,000 million in 1969. It is true that the price level has risen somewhat during this period. But even when the figures have been adjusted to take account of the price increase, it is still apparent that the annual growth rate of the Thai economy during 1960—1966 averaged 7.6 per cent per annum, which is considered high, compared with other countries, both developed and developing.

The above mentioned progress is evident in every sector, manufacturing, construction, transportation, etc. Even in agriculture where the growth rate is lower than in other sectors it is still noticeable that in the past cycle we have been able to export a greater variety of agricultural products. At the beginning of the period, our principal export commodities were few in number. At that time, nobody paid attention to maize, kenaf or tapioca. The production of these commodities was insignificant and their exports amounted to only about Baht 200 million, less than 5 per cent of total exports. At present the value of these three commodities together is about Baht 3,300 million, more than 20 per cent of total exports.

Although imports have increased rapidly in the past twelve years, as is normal for a country going through the development process and with an industrial policy that encourages the import

of machinery and raw materials, Thailand's international reserves have increased from US. \$302 million in 1958 to US. \$922 million at the end of 1968. In spite of a balance of payments deficit in 1969, our reserves are still at the level of US. \$874 million, equivalent to eight and a half months of imports at the current rate or approximately three times the total government external debt outstanding.

The increase in our international reserves and the growth in our commercial banking have enhanced our credit-worthiness among foreigners and foreign banks, and resulted in a large inflow of foreign investments. Overseas credits received by our commercial banks have increased rapidly from the level of US. \$30 million at the end of 1958 to US. \$240 million at the end of 1969.

Ladies and gentlemen, I have not presented these facts just to be boastful. But I cannot help thinking that in the past cycle the Thai Bankers Association and the Bank of Thailand have been quite skilful and we have reasonably used our skills for the public good. Of course we know full well that both you and I have made mistakes, and I am convinced that we all intend to correct our mistakes to the best of our ability so that we can carry on with our work, with righteousness, following the rule of law, and render service to both the people and the government.

#### *PREVENTIVE MEASURES IN 1969*

During 1969, various developments abroad made it necessary for the Bank of Thailand to increase the cash reserve requirements, raise the bank's loan rate and raise the U.S. dollar intervention rates of the Exchange Equalization Fund.

The past 2 years was a turbulent period in the international monetary system. Advanced countries, faced with problems of inflation, resorted to monetary restrictions where budget and fiscal measures could not be used to bring about the necessary corrective actions. Meanwhile, the countries that had been losing foreign

exchange also had to increase their bank rates. Consequently, the interest rates in the world money markets were at an unusually high level.

As for Thailand, the drought affected our production and our exports deteriorated. The commercial banking system as a whole was enjoying high liquidity, thus when interest rates in the world market were high, it was normal that money should flow from where the interest rate was low to where it was high. It is the Bank of Thailand's responsibility to prevent this outflow. It therefore became necessary to take measures to put out the fire before it spread. Several commercial bankers already understand why the move was taken. I would like to take this opportunity to explain to those who are still in the dark about the intention of the Bank of Thailand.

To encourage development, it is the Bank of Thailand's policy to try and bring down the rate of interest in the long run. Therefore, even if it is necessary at some points to use measures that are not consistent with this objective, the Bank of Thailand has tried not to touch activities of high priority. For example, the rate of rediscount on bills arising from exports and industry is maintained at its original rate of 5 per cent per annum, and the Bank has tried to expand the facilities for these activities even further so that they will never be hindered by lack of finance. Credit for agriculture provided through the Bank for Agriculture and Agricultural Co-operatives is still subject to the rate of 7 per cent per annum.

The Bank of Thailand is forever looking for an opportunity to reduce the rate of interest and to expand credit according to our original policy. Whenever we can do this without harmful consequences, we shall immediately do so.

### *PROBLEMS, PRESENT AND FUTURE*

The progress in the financial system of Thailand in the recent past

has understandably presented problems to the commercial banks. New types of financial institutions have come into being. Their operations partly complement those of the commercial banks but partly compete with the banks in attracting funds. It is true that at present these institutions are not under strict government regulations like commercial banks, but the degree of competition from this source has not reached serious limits. The government and the Bank of Thailand are fully aware of the problem, and have therefore tried to seek appropriate measures to deal with these new financial institutions, to see that their operations are in line with national economic interest, with proper safeguards for the investing public as well as to ensure fairness to commercial banks and other financial institutions. We have certainly not neglected the problem, and our efforts should bear results soon. The commercial banks and the Bank of Thailand will then consult with each other on the matter as has been our usual practice.

The problem worrying many of us at present is one of the balance of payments and the balance of trade. You will agree with me that, whatever happens, the lasting solution to the problem depends on the Thai people's ability to produce. Thus the responsibility of the commercial banks and the Bank of Thailand is clear: we must do our best to promote Thailand's production and exports especially in the field of agriculture. Meanwhile we must not neglect industry. The next 2-3 years are crucial. We must spare no effort in helping the government solve the problem of production and exports.

I would like to offer a further comment, with due respect. All of us probably have the full intention to promote production and exports to the best of our ability; but for commercial banks to do that effectively, they must first of all be stable themselves. Therefore, to abide by the law and to follow sound banking practice are integral parts in the development of the country. Let us create stability in each of our banks, and we shall be able to effectively

help the nation solve its problems. Any bank which is not up to the standard in this respect should make amends. In this way we shall be able to work for the common good.

### *CONCLUSION*

Ladies and gentlemen, with awareness of the good we have done in the past cycle and a realization of our responsibility towards the future of Thailand, let us all resolve firmly to do good. We will join together in doing good and beautiful deeds, for the benefit of the Thai people in the next cycle. In 1982, we shall meet again at the Annual Banquet of the Thai Bankers Association, and the then governor of the Bank of Thailand will be able to make a speech for the occasion and say without any reservation that throughout our lives we have always worked for the common good.

The Minister of Finance once quoted one of Buddha's sayings: "All things are transient." Who will be Governor in 1982, we do not know. Who will be Governor in 1971, we are not certain. What we are certain about is this, that for better or for worse, the Bank of Thailand will stand by and work with the Thai Bankers Association in promoting the progress of Thailand—financially, materially and morally.

Every year in the past, I used to ask the guests to drink to the health and happiness of the members of the Thai Bankers Association. This year, with your permission I would like to break tradition, and ask both the guests and the members of the Thai Bankers Association, that is, all of you who are present here, to please stand up and drink to the prosperity of the Thai Bankers Association and for the progress and development of the Thai economy.

Extract from an address to the Thai Bankers' Association,  
11 February 1970.

## ECONOMICS AND POPULATION RELATIONSHIPS

In this "International Workshop on Communications Aspects of Family Planning Programs", an economist without any claim to the knowledge of medicine, public health, biology or mass communication, runs the risk of exhibiting a good deal of nonsense and irrelevance. However, the title: "Economics and Population Relationships" chosen for me for this talk, looks innocent enough for me to chance it.

### *TO PLAN OR NOT TO PLAN: NON-POLICY*

In considering the communications aspects of Family Planning, the presumption, may I take it, is that family planning is a good and worthy objective? I have no doubt that everybody gathering here to-day believes in family planning. But do governments believe in it? More specifically, does the government of Thailand believe in it sufficiently to make it a national policy? In this exciting period before the general election in Thailand, an event which has not taken place for more than ten years, has there been any political party that considers family planning important enough to make it a part of the electioneering platform? I am afraid the answer to these questions is still "No".

The facts are that in this country, family planning service as allowed by cabinet resolutions is still subject to inflexible conditions, subject to restrictive rules and regulations. Doctors, nurses and social workers contravene these conditions and regulations at their own peril. We hear of course of isolated cases of success in pilot projects or in some metropolitan or provincial health

clinics; but efficient organisation on a national basis for family planning service is still impossible in this kingdom. Underground tactics have still to be used by doctors and social workers who are enthusiastic and courageous enough. If underground and clandestine tactics are used for this service, I cannot help asking whether the communication aspects discussed at this workshop are not perforce subject to similar conditions and restrictions.

### *FROM HAND TO MOUTH: PRESS THE ELECTION CANDIDATES*

On the basis of recent performance, we Thai people are among the champion breeders of the world. It is true that for each mouth, God creates a pair of hands. But the capacity of the pair of hands is always limited, particularly in the poorer nations; whereas the requirements of the mouth are unlimited both in quantity and in variety. The mouth will not be satisfied merely with adequate food, it also demands better food, better clothing, better schools, better water and electricity supply, better houses, better hospitals, not to mention such things as good games, good cinemas, good drinks, good fun, refrigerators and motor cars. Furthermore, as more mouths and hands are being created, fertile arable land can be increased only marginally. In a dynamic fast growing society, the proportion of people with lusty mouths but with unproductive hands also keeps growing. If we consider, in a nation, people age 16-59 as producers and people of all ages as consumers\*, the ratio of producers to consumers in Thailand twenty years ago was about 55%; ten years ago it was about 50%; today about 48%. At the present rate of growth, it will not take long before reaching 40%. Surely, the economic and social welfare of the people of this country calls for a national family planning

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\* This is of course a rough way of reckoning. Some men in the 16-59 age-group are not only non-producers: they are actually parasites. In Thailand, perhaps greater weight ought to be allotted to women as producers than to men. In Thailand also, the dead usually remain consumers, through funeral rites, sometimes for several years.

policy and the earnest implementation of that policy.

At this stage, my first recommendation is for us to endeavour to communicate to the masses and to the politicians and government, the need for a national family planning policy. The best way perhaps is for each of us to ask each candidate in the general election where he stands on the issue of family planning and to vote only for those who are sympathetic to our great cause.

### *ECONOMICS: INPUT, METHOD AND OUTPUT*

Assuming that one day in the near future, next year if you like, family planning is adopted as a national policy, what can economics contribute to the communication aspects of this policy?

A central economic principle goes something like this: efficient input and effective method will produce best output. I believe this principle can be applied to the communication problem.

In the case of family planning, the input is really a delicate matter. In order to control birth, I understand that recent research has produced a number of good things, be it pill or loop or other devices. I am also told that the application of each kind of device or pill has to be done with care, to suit each subject treated. I do not need to remind the audience that only a few mishaps in this matter will undermine so much confidence that a great deal of good work may fail because of them. In the case of fertility promotion, I read that some kinds of pills can yield excessive results in that 5 or 6 babies have been born at one time instead of the one wanted. I also read of a recent speech by an eminent doctor in Europe saying that most couples who think they are infertile need not take any pills, all they need is to change the position in their sexual act. If what I read or am told is true, it means that we have got to do more research and exercise more wisdom in our research and experiment, instead of allowing ourselves to be carried away by the thrill of new chemical or other scientific "discoveries".

The effective *method* of communications in family planning is



of course as important as the subject is delicate. In order to reach the masses, perhaps some mass media are inevitable. A good talk and discreet demonstration on the television, a simple, easy-to-understand article in a popular newspaper or journal will be very valuable. On the whole, however, I must confess to a personal distrust of the mass media. Government slogans on TV or radio tend to appear to sceptical citizens, enlightened and illiterate alike, as the opposite of the truth. Newspapers reporters and editors normally have a penchant towards sensational headlines and sensational portions of articles. Perhaps, I ought to learn from various eminent speakers in this workshop like Messrs. Wallace, Tyagi, Karlin, Lufti, Wilder, Foote, etc. that what I have said so far is all wrong.

In my lay opinion, mass communication on family planning in this country is not very difficult. Most Thai women and men are already easy acceptors. We also have a very good old-fashioned "bamboo radio" system, whereby good and bad tidings go from mouth to mouth covering great distance in no time. The problem is to see that our tidings do not get distorted. Our Buddhist priests, I think, are our invaluable allies. Nothing is there to prevent them advising a woman to keep the size of her family commensurate with her worldly means and her spiritual happiness. I also think that social workers, for example in Mother and Child health clinics and in hospitals are cautious and patient enough to act as good media for mass communications of this kinds, if the Government encourages them to do so.

Because I do not know what to say any more, it remains for me to offer you all my best wishes for your good work.

Address to the International Workshop on Communications,  
Aspects of Family Planning Programmes, 6 December 1968.

# THE INTERNATIONAL ECONOMIC POSITION OF THAILAND

## PART I. INTERNATIONAL ECONOMIC RELATIONS

In the field of international economic relations, Thailand has, generally speaking, always followed the traditional open-door policy. Because of this outward-looking attitude, Thailand has relations with every country, except those under a communist regime; and even this exception applies only to some of the communist countries. Thailand is a member of almost all international organizations. It welcomes missionaries and foreign foundations, traders and businessmen, industrialists and bankers without discrimination. Foreign investors eligible under our industrial promotion law receive various privileges and benefits; they are allowed to remit capital and dividends abroad and are guaranteed freedom from confiscation or expropriation by the government.

In all our treaties of commerce and navigation concluded with other countries the principles of reciprocity and non-discrimination are provided. The Articles of Agreement of the International Monetary Fund also contain these basic principles. Ever since Thailand became a member of the Fund a few years after the end of the Second World War, it has always observed the rules and regulations of the Fund relating to trade and the international monetary system.

In its trade policy, Thailand has by successive stages reduced trade restrictions; import controls and licensing have gradually been replaced by tariffs; as a result, discrimination has been done away with. Import controls for a few special items remain, such as sugar, but this is simply to promote local sugar-cane production and the sugar-refining industry.

In the sphere of international payments, exchange control has been liberalized so that there are no restrictions on current transactions; but capital transactions, for understandable reasons, are still subject to control.

Thailand receives aid from various international bodies, governments and foundations. The assistance comes in various forms: (1) grants (2) technical assistance, for instance, in the form of experts, scholarships for studies and training abroad and (3) project loans. The principal sources of assistance are: the International Bank for Reconstruction and Development (IBRD), Asian Development Bank (ADB), United Nations Organization (UN), Colombo Plan and various specialised agencies of the UN, such as the Food and Agriculture Organization (FAO), World Health Organization (WHO), and International Labour Organization (ILO). Aid-giving countries include the United States, Western Germany, United Kingdom, France, Austria, Italy, Scandinavian countries, Canada, Australia, New Zealand and Japan.

Thailand is a member of various international organizations which promote co-operation in economic, educational and other social matters, particularly those which promote co-operation in the Southeast Asian region. It is one of the founder members of the Association of Southeast Asian Nations (ASEAN), the Southeast Asian Ministers of Education Secretariat (SEAMES), and the Southeast Asian Central Bank Governors Conference (SEACEN).

Why does Thailand follow a wide open-door policy? Why does it seek relations with so many countries? The important reasons behind this policy, I think, are as follows:

1. We recognize the value of the international division of labour. We produce goods and services in which we have special skill, and trade them for capital goods which we cannot produce. This is more advantageous to us and produces more immediate results than a closed-door policy.
2. We are short of capital, technical know-how, and managerial

ability. Until we can remedy these shortages it is wiser to take advantage of the assistance made available to us by the various governments, agencies and foundations.

3. We fully realize that, by leaving the economy wide open and relying on foreign assistance, we run certain risks of being exploited; in certain circumstances, we may even appear to compromise certain aspects of our sovereignty. But we also firmly believe that the Thai people, as a nation, can meet this challenge, as our forebears had done in the past. In a word, we have succeeded in maintaining our independence in the past, and we hope to be able to do so in the future. We should, therefore, avoid the inferiority complex that has been haunting other countries with a colonial past.

What good or harm does the above open-door policy do to us? If one takes a superficial view of this subject, one easily slips into criticizing the government's foreign economic policy. Some would say that Thailand has opened its door too wide, that by being over-generous it lays itself open to exploitation by foreign opportunists. It is easy for anybody to argue in this fashion, especially if he takes a narrow view and thinks in terms of the last two or three years when the Thai economy suffered a slump caused by adverse factors, natural and otherwise. But in formulating our national policy, we should not be guided by emotions, or by short-term interest or by arguments based on events of the past few years only.

We have to see things in longer perspectives, use more circumspection and base our judgment on facts. The advantages and disadvantages of the open-door economic policy can be seen by looking back over a longer period of history, for example:

- a. In the past ten years, our national income went up by 7-10 per cent a year. This growth rate puts us in the forefront among developing countries. We compare with South Korea, Taiwan, Malaysia, Mexico and Tunisia. It should be noted that

all these countries follow the open-door trade policy. Countries that adopt a closed-door policy or used to adopt one are Burma, Ceylon, Cambodia, Indonesia and some African countries; all of them are having troubles in the development of their economies.

- b. If Thailand's economic and financial improvement have occurred during the past ten years, there are only the last three or four years in which the contributive effects of the U.S. military spending on account of the Vietnam War have become substantial. For the rest of the period, prior to 1965, the credit was entirely our own.
- c. This prosperity was achieved in circumstances of monetary stability, and the external value of the baht was maintained throughout in accordance with the objectives of the International Monetary Fund. During this period, the cost-of-living index moved up by 2 or 3 per cent a year, but never exceeding 4 per cent. In comparison with most countries in Europe and America or even Japan, this rate of inflation is insignificant. In comparison with Indonesia or Ceylon, our stability as measured by the cost-of-living index was much better. This was largely attributable to the fact that whenever domestic prices tended to press upward, we allowed imports to come in some what more freely, as in the case of cement in 1966. The open-door policy has been used by us as an instrument of control on the domestic economy.
- d. Although the economic growth of the country was, on the whole, reasonably satisfactory, there are certainly many weak points in the system: benefits from economic growth are not well distributed, with the rural areas receiving less than the city; our educational system leaves plenty of room for improvement; our agricultural productivity is very low; meat prices are still on the high side; traffic in the metropolitan area is congested and public utilities inadequate. These various deficiencies do not stem from our relations

with foreign countries; they arise from our own internal regime.

## PART II. EXTERNAL ASSETS AND LIABILITIES

As a result of domestic development and the open-door policy during the past ten years or more, not only have the incomes of the people increased considerably, but also our capital assets throughout the kingdom, viz. highways, railways, airfields, ports, power plants, irrigation facilities, schools, universities, hospitals and industrial plants. These capital assets might have been created by our own efforts and our own resources. But would they have expanded to this extent, had we closed our door to foreigners ?

Our external assets consist of foreign exchange reserves which comprise gold, pounds sterling and United States dollars. These are held partly as currency reserve, partly in the Exchange Equalization fund, and partly as working balance for current uses in international payments. In the past ten years, these foreign exchange reserves have been accumulated from the level of U.S. \$ 300 million to U.S. \$ 920 million at the present time (the increase from 1959 to 1966 was U.S. \$ 550 million and from 1966 to date another U.S. \$ 170 million).

The assets mentioned above are our very own. Over and above these, if necessity arises, Thailand still has access to other resources to the tune of U.S. \$ 90 million, either interest-free or at very low interest rates. If we need more, we can borrow without too much difficulty. This is because our credit-worthiness is high, and again, partly because we adopt the open-door trade policy. For this latter borrowing, we shall have, of course, to pay interest, and unless there is a real need for it, we do not intend to borrow. (The figures I have mentioned refer only to access to short-term funds; possibility for long-term borrowing for development is not included).

## GOVERNMENT AND BUSINESS

The subject assigned to me at this conference: "The Relationship between Government and Business" is generously wide. In limiting the scope of the talk, I guess that perhaps you would like to hear my views on one of the main objectives of the Thailand Management Association, namely, "to maintain effective collaboration between government and business leaders in developing the national economy". This will therefore be the main theme of my presentation. Moreover, I notice that during this Conference, members will discuss (a) Education and Training (b) Planning, and (c) Private Enterprise. Accordingly, I shall also submit some of my views on these three topics, in relation to the main theme.

### I. EFFECTIVE COLLABORATION BETWEEN GOVERNMENT AND BUSINESS LEADERS

We are not talking here about completely socialist states where government and business are one; nor are we talking about the old-time concept of Western *laissez-faire* societies where the task of government was simply to govern and that of business, solely to do business. In countries like our own, business leaders, while aiming primarily at making profits, must also (in the words of the TMA objectives) aim at collaborating with government in the development of the national economy along a steady and effective path of progress. The government, on the other hand, must promote business in order to tax it, in order better to promote it, in order better to tax it, etc. There are therefore various points of contact between government and business leaders.

What I have said above is surely a platitude for members of the

TMA. I would like to dwell a little longer on the 'subjects of taxation and promotion.

### *TAXATION.*

Tax is a dirty word. People react with various kinds of emotion at the mention of it. Business men usually suspect that their competitors are taxed more lightly than themselves. Newspapermen rejoice in writing leaders condemning the government for any tax measures. Brave generals turn pale when advised to increase the government income, even when election is one, some say two, years away. Many citizens, usually honest, delight in beating customs officers with petty smuggling of new cameras or watches. Even taxmen sometimes dare collect income tax from some people or their relatives only after their death.

In fact taxation is the life-blood of governments. Imagine a government with no tax income. If it wants to spend any money, it will have to borrow, and then it will not be able to repay if it can raise no taxes.

Reasonable businessmen of course at least tolerate taxation. But they expect tax administration to be efficient, otherwise only honest people will bear the tax burden. Taxation ought to be purposeful, for instance the tax on raw materials must be lighter than that on the finished products. It is also reasonable to expect that to the injury caused by taxes must not be added the insult caused by the various kinds of nuisance from the tax collectors.

In my capacity as adviser to the Ministry of Finance, I gladly admit that my colleagues and I at the Ministry are human, and therefore we often make mistakes. I would like however to take this opportunity of saying that the Ministry of Finance is always open to advice and ready to consider grievances on the part of taxpayers. And we promise not to bite the hands that feed us.

Fiscal policy is not merely concerned with raising revenue for the government. It serves many other important purposes about



which professors keep reminding their students, but which politicians keep forgetting. In times of inflationary tendency, even though the treasury is full, it is still the duty of a responsible government to raise tax in order to drain the pernicious extra cash from national circulation. In times of deflation, tax must be lowered in order to stimulate consumption, investment and business activities. A wise government must not be afraid of applying brakes or accelerators according to circumstances. Fiscal tools, also, together with appropriate expenditure policies, are available to bring about social justice and to reach humanitarian objectives. Tax holidays and special exemptions, and protective tariffs are tools more familiar in this country in connection with industrial promotion.

### *PROMOTION*

That brings us to my next topic: The Role of Government in Business Promotion.

“Business thrives where there is no thief”. I forget who said this, but it is a wise saying. It is true for all the senses of the word “thief” that one can imagine.

A good policing duty is therefore the first duty of any government in this respect. Subversion and undemocratic armed agitations must be dealt with seriously and effectively. I would go as far as advocating that an important duty of the government is to promote a democratic regime and thus to prevent coup d’ etats by force of arms.

All the business calculations and decisions are expressed in terms of money: investments, payrolls, expenses, costs, sales, profits, dividends, interests, reserves, provident funds. The value of the money must therefore be reasonably stable both externally and internally. Here, monetary policy and fiscal policy, to which reference has been made, must play their role.

The infra-structure of the society must be provided by the government. Efficient means of transport, modern means of commu-

nication like telephone-telex telecommunication, cheap power, appropriate land, and a good supply of labour of various skills must be provided. International trade cannot progress without efficient ports. Stable and reasonable prices of essential goods like pork, vegetables, clothing are also important. Monopolies must be kept to the bare necessary minimum, and those that have to be tolerated have to be kept under control by good democratic means and the rule of law.

There must also be a healthy atmosphere of fair play among all kinds of enterprises supervised and refereed by an objective and disinterested government. I believe that private business is usually not afraid of competition by public enterprises—the latter are normally not efficient enough, particularly if generals, admirals, and air marshals are persistently appointed to the top jobs. What you ought to look out for is another species of animal altogether: an influential enterprise disguised as a private concern—a sort of mongrel if you like. They are deadly, atrociously destructive of the moral as well as the economic fibre of the society.

## II. ROLE OF PRIVATE ENTERPRISE IN NATIONAL DEVELOPMENT

In the past eight or ten years this country has made considerable progress in economic development, although we still have a long way to go to reach a decent standard. Much of this progress has been due to the good activities in the government sector with the assistance of international bodies and foreign friends. But most of the credit must belong to the private sector, with adequate savings, good capital formation and investments and increases in productivity.

I have no intention of flattering those in this conference who are industrialists and traders. But I have to admit that the progress of the industrial and commercial sectors has been the most spec-

tacular highest increase, percentage-wise. It must be recognized however that industry and manufacture still contribute relatively little to the national product.

The backbone of the Thai economy is still agriculture. The little men, Thai farmers, have not only increased their productivity; they also show their resourcefulness by diversifying their cultivation, thus putting our export eggs in more than four traditional baskets. They also wisely hold on tenaciously to rice, a precious produce much needed by the growing Eastern world. The terms of trade are also in our favour.

What is the meaning of all this good fortune? What is the one single most important factor for progress? My short answer is private initiative. The Government can provide; but it is the individual little man and woman—perhaps mostly woman in our case—who produce. Kill the initiative, as in so many of our neighbouring countries, and you can forget about the targets in your five-year development plan.

The enemies of individual initiative, (let us detect them and show them up,) are monopoly, privileges and influential business.

### III. PLANNING FOR DEVELOPMENT

Why do we plan for development? The answer, in short, is that we want to raise the living standard of our men, women and children.

Let us say it again. Long live government wisdom and long live individual initiative!

Let us preserve and nurse and encourage our citizens' will to work, to produce the right things and give them the opportunity to reap the harvest of their labour.

Given all the opportunities, initiative is a necessary condition for progress for our farming compatriots. But it is not a sufficient condition. Why? Because our Thai farmers and town dwellers do not only produce more goods; they are also among the world

champion producers of children. The Thai population grows at the rate of 3.2% per annum, about 30% more than the average for the world.

On the one hand we urgently need a population or family planning policy. I have said enough on this subject somewhere else.

On the other hand, we also need to relieve the land from the pressure of its inhabitants and tillers. We need an industrial development policy.

A good proportion of our country lads ought to be helped find employment in livelihoods others than living on the land. Industrial and commercial opportunities must be open to them. Suitable jobs must be provided and the prospective manpower must be well prepared to take up these jobs. Not in Bangkok alone, obviously, but preferably in provincial towns and cities.

In thinking about industrialization, I would like to submit that we need to have a wider outlook than the Thai national market. Some forms of regional international cooperation and coordination of plans for industrialization are necessary, in order to make our efforts worthwhile, and to place our future industrial standing at par with the great American continent, the European Community, Japanese ingenuity and the Indian and Chinese giants.

#### IV. EDUCATION AND TRAINING

As previously stated, education for livelihood is needed for our swarming millions to come. Of course we need to train tomorrow's managers. But what is the use of so many generals with so few sergeants? Education and training must be provided by the Government for all levels and varieties of skill.

Leaving aside the lower ranks, although reminding ourselves that their training and education are urgent, I would like now to say a brief word about tomorrow's managers.

Tomorrow's scientific progress is unpredictable, except that it is going to be very rapid: what are the essential qualities of tomorrow's managers?

Since some 40 participants are going to deal with this subject, it is my privilege to be brief and not necessarily exhaustive.

I think that tomorrow's managers must be good leaders, adaptable, re-trainable, all-round generalists, but preferably with specialization in one branch of basic learning.

The manager must be a good leader and a generalist because he cannot cope with all branches of the business. He must be able wisely to utilize and lead specialists under him.

He must be adaptable, because one never knows what scientists and technicians are going to produce next.

He must be re-trained and re-trainable because he must keep up with the changing circumstances.

He must have a good basic expertise, engineering for example, (or economics for my preference), because without that he cannot get a good start.

One last word. I am glad the Thai Management Association is very much alive. Seminars and conferences are very useful and I notice that managers in Thailand are very keen. The question I am asking is: when and how can we make the business world keen on learning, and the academic world keen on business? When, in short, will the TMA seminar be held at Thammasat, for instance?

## MY BELOVED BROTHER, THAMNU...

Two years ago, when I left our beloved Thai Chareon village, now so many miles away, you, Brother Thamnu, as the Village Chief, had undertaken to do two things which meant much to our village, in my eyes and everyone else's. Moreover, they meant much to the future of our village. You set up the new "Village Rules" as the supreme authority.

This meant that the Thai Chareon villagers would be able to hold on to and respect those rules as the fundamental principles of their everyday life. Their lives would be better and our village would become more developed than in the days when we had only a few authoritarian rulers. Along with implementing the new Rules, you made possible peaceful change in the structure of village authority. And you, Brother Thamnu, arranged to have the villagers select among themselves those persons who would speak for them.

Those men who were selected got together and called themselves the Village Assembly. They had the power and the responsibility to make rules for our village, based on the principle of popular sovereignty. The principle which you followed was "right makes might, not might makes right—and right derives from the people." This really meant that the supreme power came from the collective moral spirit of all the citizens of Thai Chareon village.

I was not sure that I liked all the Rules, and was not sure that all the assemblymen were good men. But I admired you, the Honourable Village Chief—Phuyaibun Thamnu Kiatkong—for having the patience to create the new Rules and give them a chance. It was better to have these Rules than to have no rules at all. And it was better to have an Assembly than to have no assembly.

Now, how clearly we see the impermanence of all things ! Not long after I left our village I heard that suddenly you had changed your mind; that together with some of your friends, you had announced the annulment of the Village Rules and dissolved the Village Assembly. The village has now gone back to the system whereby it is ruled according to the will of the Village Chief and his friends, alone. In this case, it is still Brother Thamnu and his Deputy Village Chief, his Assistant Village Chief, and so on—the same group, minus a few.

I have carefully considered the causes which you, Brother Thamnu, and your men, have cited as reasons for this change. I have spent a considerable length of time waiting to see whether, after the Village Rules were given up, the existing bad conditions in our village would be corrected miraculously and something wonderful occur. But alas, there has not been the slightest sign of the magical changes that were promised. In some instances, the situation has even become worse—for example, concerning the troubles along our village borders. Not feeling quite sure of myself (because I was looking from afar), I took two trips back to our village, with my eyes and my ears wide open. The result was a definite confirmation of my original beliefs, that our problems of crime, external subversion, economic growth and youth development could have been solved, with sincere intention, without having to give up the Village Rules. If necessary, the Village Assembly could have been re-selected, with the Rules retained.

This most important issue is the new limitation on the villagers' rights. Now the villagers are not allowed to think, speak, or write freely. Public meetings concerning governmental affairs of our beloved village have been banned. This has prevented the village from receiving the benefits of the intelligent thinking of all the villagers, collectively and as individuals.

You, Brother Thamnu, may argue that the change already has been blessed by the village officials and the villagers alike, except

for a few who are "unsound"... I would beg to inform you that, as far as the officials are concerned, they personally benefit from living without the Assembly. They do not have to be bothered by men from the Assembly. In short, now there is no one to stand in their way.

As for the villagers, you know very well that they cling to the motto "Survival of the Fittest." I can confirm this point, as I too was once a kind of chief, contributing to the work of our village. At that time, I never found anyone who would argue with me, whether I happened to be right or wrong. They all knew the secret way to "survive." As for the claim that there has been very little opposition—this is quite valid, and due to the omnipresence of your armed guards, Brother Thamnu. Your friends have been there since the beginning, ready to challenge all those who oppose you. Fear works as magic to weaken the cries of the opposition. If you would know how the villagers really feel, abandon intimidation.

Nevertheless, my letter is not intended to oppose you personally, Brother Thamnu. Rather, I would like to expound on the very point which you and I once agreed on. That is, "We shall work to develop our Thai Chareon Village." Development, after all, can be truly beneficial only when it is carried out in all aspects—social, economic, moral, cultural, educational, and political, with an eye towards security.

As for the political aspects of development, during the 20 years of my personal association with you I have always heard that my Brother Thamnu (and his friends) believe in democracy. (The Reds are trying to wipe out democracy—so we claim—and it is true.) You exhausted the time, care, brains and money of the village for almost ten years to devise a new set of Village Rules. I sincerely admire democracy, just as you (and your friends) do.

Nowadays, civilised villages usually are interested in the environment which, if polluted further, will greatly endanger the human species. They fear the wrong application of science and technology,



the black smoke from automobile exhaust pipes, or factories, or the poisonous chemical effects of industrialisation. In our Thai Chareon Village, there are indeed such terrible environmental conditions. But they are by no means as bad as the poison of fear caused by intimidation, and the uncontrolled use of selfish power (whether used towards “justifiable” ends or not). Fear damages the intellect. The intellect, being damaged, sometimes becomes paralysed. Or worse things happen—the intellect, deprived and depressed, bursts out in reaction. This has been happening in many other villages, as is frequently reported in the press.

I agree with you, Brother Thamnu, that the external threat to our village must be done away with completely. But when our villagers are constantly exposed to coercion and frightening threats from within, and their intellects cannot be used in honourable channels as our ancestors often used theirs to save our country—and when more power breeds more fear—this is a time of danger ! In biology it is said that the nerves can force the eyes to close. The time during which our eyes are closed is a time of potential disaster, for who knows but that our enemies may take advantage of their opportunity in the blinking of an eye ?

Another factor which I consider very important is this. You are over 60; I am close to 60. We are both close to taking leave of this world. I have as much ambition as you do, for I too hope to leave behind to our younger generation a world and a village which are worthy places to live in; to leave behind a village as “free” as its name; and one which is developed, capable of effecting change through peaceful means, according to the Rules. To accomplish as much as this, if nothing more, would be considered a great heritage for future generations.

Some people ask: “Should we permit the youth of today to enjoy rights and freedom according to the Village Rules ?” Many of today’s youth show disgustingly bad behaviour. I get rather disgusted myself at times. But you, Brother Thamnu, gave me a job

which required close association with our youth for a number of years. I have carefully and objectively observed them and have found that, rather than being full of contempt, I am full of pride for our Thai Chareon Village youngsters.

They are humble, unlike the youth of other villages. I sympathize with them. They have been taught by us to love democracy (which was a correct thing for us to teach them), and to enjoy expressing themselves freely in thinking, writing, speaking, and associating with others (which was also the right thing to do, according to all the past Village Rules).

These teachings which we have imparted to them are impressed upon their hearts. They were overjoyed when the new Village Rules were created for the use of the entire village. This act fulfilled their hope and anticipation, as it corresponded to what we had taught them to feel. But those Rules had such a short life, a life that was taken away so suddenly. No one knows when the Rules will come to life again. Who would not feel the loss? Who would not be disappointed? They were hoping to have a part to play in developing our village according to the Rules. Nevertheless, our youth have remained calm. They suppress their fear when making requests to us. They still believe in the good and sincere intentions of their elders. How can one help being kind to them and proud of them?

For these numerous reasons, and with my sincere respect for you, I beg you, please, to hurry to bring the Village Rules back into use again. As soon as possible, maybe in the middle of 1972, or at the latest, by the end of the year. Please allow the Thai Chareon Villagers to live according to the principle of human rights, and elect a new Assembly quickly. This would be a priceless gift to the villagers, for the present and for the future.

Respectfully yours,

Khern Yenying

## THAILAND : A TIME FOR UNITY

BANGKOK : The October 1973 events in Thailand have led to results which surprised everyone concerned. A secure military dictatorship lost. Three of its notorious, ruthless leaders were also on the losing end, at least for the time being. Much credit is due to Thailand's brave young people, especially vocational students, and to the student bodies and leaders who efficiently organised a week-long peaceful demonstration, not only in Bangkok, but in almost all the provinces.

The people had grown to hate the Government more and more during the past years. The stupidity and extreme arrogance of the dictators were also important factors in their downfall. This could not have happened without a rift, however instantaneous, in the army high command. But the decisive spark that caused the conflagration was, in fact, the product of Lady Luck.

The student leaders had made a compromise agreement with the Government which would have resulted in an insignificant change in the Thai political scene, leaving the dictators still firmly in power. The King had advised the students to disperse and go home. Suddenly the police started to charge a small crowd outside the Royal Palace, using batons and tear gas. The rest is history.

The new Government, despite its good intentions and popular support, and despite the loyalty pledged by the armed forces and police, does not regard itself as anything other than a caretaker government. Several of its Cabinet Ministers had openly, willingly and intimately cooperated in the past dictatorial junta. The Legislative Assembly, an appointed body whose members are mostly high-ranking army officers close to the previous government, remains with its power and responsibilities unchanged.

The Thai people's freedom, recently won at the cost of young lives, appears at present to be founded on very flimsy ground.

On the asset side, the October events have awoken Thai people to the realisation that there is power and reasonable safety in numbers; united, they need not tolerate subservience to any oppressor. Public opinion and public concern for civil rights and freedom have found their outlet. In the face of daily revelations of the scandalous sins committed by the dictators and their entourage, the army is lying low and the police are licking their deep wounds. Despite quarrels among their leaders, the youth and student movement remain a political force and enjoy great prestige. The intellectuals—mostly young university lecturers—who gave support to the students and worked behind the scenes in October, have come forward with creative ideas and actions. In the words of one of these: "Thailand now breathes in the fresh and pure air of liberty; optimism, although cautious optimism, is in the atmosphere."

To convert this optimism into reality, the Thai people and the Government have to identify their numerous problems and swiftly overcome them.

Since 1932, Thailand has had a succession of short-lived constitutions, all of them drafted, debated, deliberated, amended, and approved by a small number of officials, and thrust upon the population willy-nilly. Hence the apathy of the population. The difference this time is that the people have demanded their constitution, and have won promises from the authorities at the cost of many lives.

The committee of eighteen charged by the Government to draft the new constitution consists of two journalists (one of them a woman), three university political scientists, and the rest government legal officers. Therefore, the new constitution threatens to become another official document imposed upon the citizens from above, especially if the final approval rests with the present Legislative Assembly, as envisaged by the former military government.

The problem is how to promote popular participation in the drafting and approving processes. The people must be brought in to decide upon the rules which will govern their society.

It is to be hoped that the interim government's wisdom will lead them to organise a constituent assembly (a constitution convention) whose members, for preference popularly elected, represent public opinion in all sectors of society. The present Legislative Assembly should be promptly dissolved.

Previous constitutions usually contained provisions half-heartedly guaranteeing citizens their basic rights and liberties. For instance, the press would be free with the crucial proviso that this freedom would be within the limits of the law. Subsequently, the Government would bring in legislation which imposed such severe limits as to erase any trace of freedom. The new constitution must categorically underline the basic freedoms without the imposition of conditions. States of emergency and martial law have, in the past, been invoked for no valid reasons, and their periods have been without limits. And in a state of emergency, the guarantee of citizens' freedom becomes a mockery. In the new constitution, the power of the Executive to declare emergencies must be controlled by Parliament, and the duration of emergency powers strictly limited.

There are those who believe that since the majority of Thai people are illiterate, they are not fit to choose their members of Parliament. This belief, however, is not supported by historical facts. On the contrary, the people in the north-east (least literate of all the regions), for instance, have shown the ability to vote in members of Parliament of high calibre, especially before World War II when elections were more free.

Elections, of course, need to be closely supervised as large-scale bribery is rife. This should not be tolerated. There should, therefore, be no educational qualification rule for the electorate. The minimum voting age should be lowered to eighteen. Parliamentary candidates must, of course, be able to read and write.

What is the prospect of a military comeback, as in 1947–48 ? In the words of a friend: “Exit Singman Rhee, will Park Chung Hee enter ?” This is upmost in the mind of the citizens. The present government seems to have kept gunpowder kegs under its seat.

The responsibility for maintaining and defending democratic rules lies partly with the Administration, partly with the citizens. In our tradition, King Bhumibol is the Supreme Commander of the armed forces. The Prime Minister must be the supreme master of the civil service and the armed forces. In order to help him, a senior member of the Cabinet could be appointed with the specific task of watching out for military coups, using diplomacy, and subtlety as well as firmness. The belief that the minister of defence must be a secure military man must go. A civilian minister of defence is in keeping with democratic principles—a retired general, if he is suitable, would qualify as a civilian. In our country, women are famous in all walks of life for their efficiency and competence. A female minister of defence might indeed be most valuable. Key services commanders should be appointed upon their merits, which should combine military aptitude with the right attitude to serve a democratic government. Crucial garrisons, such as those of the First Region Army, well known for its part in every coup d'état, should be moved out of Bangkok to a safer distance.

There are other precautionary measures to be taken in this connection. None of the measures will be fool-proof, but taken together, and given attentive vigilance, they will go a long way to wards the protection of democratic rule, especially if the citizens will also take collective action for the same purpose.

Citizens should form themselves into a national association in defence of democratic and civil rights, with branches all over the country, perhaps under royal patronage. The association would be a non-party-political body, but supported by the leaders of all the emergent political parties. Its main objectives would be to promote and defend democratic rule. Members would pledge individually

and collectively to work for the prevention of an armed coup d'état, and to organise peaceful but firm resistance to dictatorship, should that unhappy state of events occur. The association would be vigilant and would ensure that elections to Parliament and local councils are free and fair. Another aspect of the activities of the association would be to protect citizens' rights against the abuse of authority, similar to the concepts of the UK National Council for Civil Liberties. This concept of collective action is being discussed among intellectuals and students and responsible citizens. Obviously the association could be effective only if it enjoys large membership and vast popular support.

The "People for Democracy" group, formed in Bangkok from the original group of "One Hundred" signatories who demanded a new constitution, could be the nucleus of the association. Student bodies, trade unions, co-operatives, taxi-drivers' groups and others can be expected to provide an initial large membership for the association.

It is not my intention in this short article to discuss all the problems of democracy in Thailand. However, there are social, economic and administrative problems which are highly relevant to the political objective.

In 1947 the army succeeded in toppling a civilian government, mainly because the post-war economic difficulties were acute, and they were not dealt with by the Government to the satisfaction of the people. In 1973, the majority of people were against the military government principally because it failed to curb inflation and prevent rice shortages. The interim government should now take these economic problems most seriously and endeavour to satisfy public opinion. Of the highest priority are the measures on rice production, distribution, stock control and trading.

The military government has left a legacy of corrupt and inefficient administration. They deliberately discriminated between the "favourites" and the rest of the civil and armed services. The favourites were those who actively supported dictatorial rule and

those who were being lured into their camp. They were given special privileges in the form of lucrative posts, company directorships, membership of the Legislative Assembly, the use of government cars and other benefits which added up to some five or six times their official salaries. The general level of salary in the civil service was kept low. Thus the morale in the Administration was equally low. Furthermore, the leaders regularly looked for opportunities for bribes and kickbacks provided by large public works contracts. Their principle was "eat and let eat." Occasionally, however, personal interests clashed dramatically. This system, if not drastically reformed, will persist and ruin the chances of an efficient democratic government.

The overall rate of growth in the GDP may have been good; but the disparity between the rich and the poor has increased considerably. Although the dictators frequently paid lip-service to the poor, they never had the political will to attack poverty. This growing gap is inimical to orderly democratic government. Rural development and urban slum clearance must be undertaken vigorously, speedily, and I personally hope, with the help of the great energy, zeal and potential of the student volunteer movement.

The military government knew no way of dealing with "insurgents" other than using forces with dreadful weapons. The result has been negative: insurgency has become more widespread and intensive. The problem was aggravated by the foolish mistake of branding all the insurgents as communists. In reality some of them are communists, some are Muslim nationalists, hill tribes, common criminals, ordinary citizens taking revenge on oppressive officials, etc.

This mistake facilitated the merging and co-ordination of the variety of groups to fight the common enemy—the government. The new government is in a very good position to reverse the policy. Attempts should be made to declare a truce and bring the various leaders to conference tables where talks should be conducted in a spirit of national reconciliation. The time to prevent civil war is now.



## “DR. PUEY SPEAKS OUT”

As economic problems become dominant, many people in Thailand are looking to a quiet humble but courageous retired finance official for solutions. Dr Puey Ungphakorn, former Governor of the Bank of Thailand, is being boosted as Prime Minister of Thailand but he says he doesn't want the job—and he is a man who means what he says. However, he has accepted the job of economic adviser to Prime Minister Sanya Dharmasakti—which means that he does not shirk responsibilities.

Dr Puey, whose reputation for integrity and sincerity is undisputed, but whose alleged socialist beliefs once made him a controversial figure, is probably the best talent available to the Government to handle the tremendous economic tasks. Credited with restoration of financial stability to Thailand after the chaos of the immediate postwar years, he has mastered theory and practice in the fields of finance and economy.

Throughout his career in government, he was appalled by the corruption in high places and inefficiency and arrogance in official circles. He also resisted dictatorships and the celebrated letter he wrote as a “villager” (Nai Khem Yenying) to his “phuyaiban” (former Prime Minister Thanom Kittikachorn) protesting the November 17, 1971, dissolution of Parliament and pleading for the return of constitutional government has become a vignette of modern Thai history.

Those who doubt Dr Puey's moral or physical courage should know that he was in England when the Second World War broke out and that he parachuted back into the homeland as a “Free Thai” during the war to fight against the Japanese occupation. “Nai Khem Yenying” was his code-name.

During the last years of the Kittikachorn Government he was back in England as a special lecturer at Cambridge. Now, with the last military dictatorship overthrown, he has returned home and is continuing to teach economics at Thammasat. He wants to hand on his knowledge and experience to the young who will inherit the country.

Taking advantage of my longtime acquaintance with Dr Puey, whom I first knew as senior economist in the Ministry of Finance way back in the early 1950s, I requested a meeting to discuss economic and various other issues. He managed to sandwich a half hour for me in his tight schedule. We met in his office at Thammasat. Despite the pace of his work, he was relaxed as he answered my questions.

THEH:

There has been controversy over whether Thailand should retain its agriculture economy or should industrialize, and if we have to industrialize, to what extent ?

PUEY:

I think we should do both but we should give priority to agriculture rather than industrialization. Of course, the line of demarcation between agriculture and industry is very thin in many respects.

What I would like to say is that the Government should concentrate on the availability of food in our country and to produce enough for export because I foresee that in the next 10 years food shortage is going to be horrendous. On the other hand, in order to increase our potential and production capacity, industries are not to be neglected but the best combination would be business, food processing, storage processing, and animal feed, the livestock industry, plus the meat industry. I would like to see this happen in our country.

THEH:

There has been a growing gap in development between the me-

metropolitan and rural areas. How do you think we can close this gap?

PUEY:

I think the Government has to concentrate on the rural areas, really concentrate, not just speaking or talking, or writing about it. We could offer now to invest less in the metropolitan area and concentrate only on the essentials, like water supply, health, etc.

In the industrial promotion field, we have been talking for a long time about decentralisation of industry but I do not see any progress in this direction, except in the outskirts of the metropolitan area of Bangkok. This is disappointing because what I would like to see is that there should be some industrial areas in the regions of the Northeast, North, South, East and West. For this purpose the Government will have to invest in quite a few basic facilities like telephones, power, trained labour and so on.

This might help employment of surplus labour in the rural areas and prevent them from coming to Bangkok. This will also help the city from becoming an exploding city. I think the Government ought to be a bit bolder in this direction. So far we have not been. We concentrate on hotels at tourist resorts, which is all right by itself, but that is not enough. I think productive capacity in the provinces and employment opportunities are needed.

THEH:

I agree totally with your statement that we consumers should pay more for rice so that the farmers get a better deal. I think there is a great income gap between the people in the urban and rural areas but I have a feeling that the part of the income in between goes to the middleman. How do you think we can resolve this ?

PUEY:

Mind you, let me correct the impression first that the town people do not count. In fact, they do but, in general, the town people

are better-off than the country people. Nevertheless, there is quite a big pocket of poor people in the towns. These people need relief measures. Rather than worry about the price of rice, we ought to concentrate on supporting these poor people. That is one thing.

Now to answer your question. I think that if we concentrate on the right timing of reducing the rice premium and if we persist in doing this year after year, then the farmers will reap the benefit rather than the middlemen.

This April or May, if we try to increase the paddy price at this moment, of course, the benefit will fall mostly on the middlemen who have already purchased paddy from the farmers. If we choose the right timing just before the harvest or just during harvest time then the farmers will get the benefit, that is, those farmers who have not already pawned their paddy to their creditors. Even those who have pawned their paddy to the middlemen might reap some benefit if we repeat this premium reduction every year because they will know better. Farmers are no fools. They would know that this is the season when the Government would support the price by lifting or reducing the rice premium.

At the beginning of the season, immediately after the harvest, the price of paddy tends to fall, and this is just a corrective measure. This ought to be done every year.

THEH :

How do you propose to feed the poor people in the cities ?

PUEY :

That depends on the government machinery. It will not be too difficult if we have efficient and honest civil servants. The Government could distribute some kind of identity cards to those with low income whom they want to select for subsidy. In fact, survey of income is not difficult if you use the right people. By the right people, I think student volunteers could be brought in and they are more than willing to act. We should judge whom we ought to subsidise. We could do it in two or three stages.

Those who are really poor and out of a job, perhaps, could get a bigger subsidy for each tung or each measure of rice and those who are not so poor but poor enough can be given a smaller subsidy. The rice merchants can collect the money from the Government.

It would not be right to do this in Bangkok alone. The Government should start thinking about the whole country, and that is a tremendous job. I am not underestimating the difficulties but I think that if we are going to do something effective, this is something to begin with.

THEH:

Should the Government take over the rice trade altogether ?

PUEY:

I hesitate to say this because the government machinery is not ready to take over.

If we work this out first, perhaps we might be able to do it in the future. But one thing we ought to learn from the experience of Burma is that once the Government takes over anything they might set up the wrong policy, and the result in Burma was that rice production fell to catastrophic levels. One has to think it over very carefully, apart from the problem of corruption in the Civil Service.

I can say definitely that the Government is not ready at this moment.

THEH:

The question of ideology is suggested here. Most political groups and various prominent people have said that socialism is the course of economic salvation for Thailand. There has also been a lot of talk that you are interested in socialism for the country. Will you comment on this, please ?

PUEY:

Quite a lot of people are saying that I am a socialist. I doubt whether the socialists in various countries would admit me into

their midst. I do not know; I myself am not thinking in terms of socialism, capitalism or any other kind of political ideology. I am thinking in terms of the good of the people and what we could do to help the majority of them, those who need help. If that is what is called socialism, then I am a socialist, but if that is not enough, then I am not a socialist.

I do not care what label people give to me but my true aim is for the majority of the people. We ought to cure poverty and people are poor.

The richer people ought to help them by paying taxes such as the inheritance tax, which is lacking here. You will notice that I would hesitate to use collectivism but if collectivism is going to help and if we have a machinery efficient enough for the purpose, by all means, we should do it. However, if the means are not good enough, then we should use the best means rather than collectivism.

This is my position and I have not done otherwise, and this is the only consideration that I have.

THEH:

Is corruption still very much with us? How can we deal with it?

PUEY:

It depends on the big people, really the Cabinet-level ministers, leaders of the community and so on. Also, it depends on how firmly we deal with this matter. If we find that a big fish is really guilty or corrupt and we move him around rather than punish him, that would not do. One ought to be rather firm in dealing with corruption. If the big fish has been caught, the little fish will be deterred from further corruption.

Secondly, I think that to deal with corruption in separate cases would not be sufficient. We should look at the system and find out whether the system is open to corruptive practices or not. I believe that there is a lot of it in our government system and our economic and social system.

In particular, if you have unreasonable regulations such as the prevention of the movement of meat or food between provinces, I think that is going to lead to corruption. Take, for instance, the movement of live pigs from the provinces to Bangkok. How much money has gone into the policemen's pockets or those of other administrative officials before pork reaches the consumer? That is very important. Therefore, I would say that we should deal firmly with the individual cases and at the same time look at the system and correct it to do away with a monopolistic regime.

THEH:

Do you feel that monopoly still exists ?

PUEY:

Monopoly exists in exports and in trading. Someone should look into this matter and, perhaps, they ought to appoint a monopoly commission to see how to regulate this.

Many people suggested that this should be written into the constitution. I agree with the idea but everything cannot be included in the constitution.

THEH:

There is the very important problem of insurgency. I would like to hear your views.

PEUY:

My stand has always been that insurgency and communist insurgency should be distinguished from one another. I feel that a lot of brave young lives, particularly from the police and the armed forces, have been lost unnecessarily and, perhaps, quite a lot of good lives on the other side have suffered the same. All because the Government believes that a matter should be dealt with violently.

That violence should be met with violence is rather a primitive way of thinking. Of course, when we had a military government, they knew no other way of dealing with this matter

except by force. Now although we still have military people responsible for this sort of thing we ought to think again.

The Americans had learned from their 10 years in Vietnam that force will not prevent any kind of insurgency and in the end they came up with a sort of talk with North Vietnam. Well, the Viet Congs, Vietnamese and Americans belong to different nationalities and yet they can still talk with each other. I cannot see why we can't do the same.

I think the Government's duty is to come to some sort of talk or dialogue with the insurgents even though we might have opposite view-points. I particularly am impressed with the Bangkok Post report of the southern leader—Por Su. I think what he said is quite reasonable. That is one instance where one could quite solve the problem fairly quickly with a reasonable safeguard for the Government.

I am curious why the Government would not pursue this kind of dialogue with Por Su and with other people as well. It is true that one should not trust the Communists but nevertheless, would it not be good to talk to them first and separate the communist from the non-communist insurgents and try to live together in peace ?

This has been my stand all along and I would say that this is No. 1 priority for our country. Without peace in the country you cannot carry out national development or conduct international affairs properly either.

THEH:

Can you tell me some of your ideas on your proposal for a referendum on the draft constitution ?

PUEY:

On my proposal of a referendum on the subject of the present draft constitution I have collected enough signatures for consideration by the Legislative Assembly in the first reading. There will be a vote and I shall need 200 votes (at the end of the reading).



That is the criterion: to pass I must have two-thirds of the majority. I don't know whether I will collect that—but, perhaps, with the help, of the Press maybe?

THEH:

How many signatures do you need to table your proposal?

PUEY:

I need 60 signatures but I have collected 79 now and a few others expressed interest after I had already submitted the document. They wanted to sign but regrettably I could not let them have their names on it. Nevertheless, it is an uphill case because I need 100 more for approval, so with luck we might get it.

THEH:

Can you elaborate on the reasons for your suggestion?

PUEY:

First of all, if we are going to say, in one of the early articles of the constitution, that sovereignty belongs to the people, then why don't we ask the people whether they like the constitution or not, instead of forcing it down on them? All of the past constitutions have failed because they had been made by a few people at the top and forced down to the people whether they liked it or not.

We Mandarins, the elite, and so on, have always tended, since 1932, to think that whatever we do is right. Maybe, we are more educated than the rest of the country, but we have never suffered mosquitoes, malaria, poverty, dust, heat, hunger, like the rest. It is not the same as those people who live under those conditions. They should have some say.

Our mentality, perhaps, may be, better intellectually, but in many ways we lack the common experience and common sense of the people, so we should not throw the constitution in their face and say, take it or leave it. We must consult them and invite them to come and participate.

It is true that this National Assembly is better than the previously appointed one but, nevertheless, we still lack the common sense and the common touch of the common people. I hope very much that this consultation with the people will arouse greater interest of the people in the Government and in the election of parliamentary representatives. This is desirable, is it not ?

Some people may say that the people do not know anything, legal terms and that the draft constitution are above their heads. This is all the more reason to have a referendum to let the Government translate the constitution into simple terms and let the students and teachers propogate it and teach in simple terms what the constitution is about.

THEH :

There has been a lot of a talk about you going into politics later on and a number of people have mentioned you as being the most appropriate person to be elected future prime minister.

PUEY :

I would like to take this opportunity to thank those people. If I am fit in their minds to be prime minister I think I could claim the fitness of judging for myself and, if my judgment is as good as they have attributed to me, I think I should say I am not fit to be prime minister. The answer will always be the same. That is, I am not suitable as a future prime minister. My job is as a free-lance and political animal supporting democratic rule and trying to promote and defend it.

I hope there is no misunderstanding. This is not Siamese talk in which if you want to do something you must say no first. It does not fit my character.

## THE MEKLONG INTEGRATED RURAL DEVELOPMENT PROGRAMME

Mr. Chancellor, Ladies and Gentlemen,

On behalf of today's Honorary graduates, I would like to express our gratitude to the University of Singapore, for the honour that you have so graciously accorded to all four of us. It is to me a new and most gratifying experience to have the highest academic recognition bestowed on one, without having been mercilessly tortured by one's professors, without going through the painful nightmare of written and oral examinations, of writing and re-writing theses, which, if I am permitted to say so, are usually boring to writers and readers alike. So we are really grateful for what we have today received. My own feeling is one of pride and humility: I feel proud to be associated with this famous university and its learned scholars of extensive reputation; at the same time, I feel humble in the hope that I have deserved this high honour, and in the fear lest in the future my failings should reveal themselves to you to warrant a sense of profound disappointment for all concerned. All I can do is to assure this learned company that I shall try my best not to cause any such disappointment.

Speaking of disappointment, it is natural that in our human behaviour and in our social interaction, we should be swept up one day by a sense of elation due to chance success that might come our way and then the next day, or month, or year, a reaction follows with a depressive mood caused by the thoughts that the so-called success is really an illusion. Public opinion no doubt plays a big role in these changes of mood. And public opinion, like the operatic "donna", is fickle. Buddha has taught us to view

both successes and failures as impermanent, immaterial, both to be treated with the equanimity that they deserve.

Universities, like human individuals, are also subject to successes and failures, hopes and disappointments, praises and criticisms. When scientific discoveries occur, when academic excellence is manifest, when our students have brought about some changes which are desired by the people, such as the change of government in Thailand last year, then public opinion registers its appreciation and praise, which are often exaggerated. Exaggeration usually is even more pronounced when university, professors, and students are attacked: students are at best a nuisance, they are unruly, unkempt, immoral, and ill-mannered; professors are parasites; universities, ivory towers which nowadays are breeding grounds for extremists, anarchists, and drug addicts. Ministries of Finance, bent on being mean to universities, would point out the low-benefit, high-cost character of the university, compared with other levels of education.

Mr. Chancellor, I submit that, irrespective of the swings of public opinion, universities should go their own sweet and bitter way. What needs to be considered is the question: are we serving society?

Regardless of what people might think, in Thailand, three universities have come together to co-operate in a rural development programme, designed to serve society. The three universities are Kasetsart University (agriculture), Mahidol University (medicine), and Thammasat University (social sciences). The programme is called the Meklong Integrated Rural Development Programme, with a total area of some 1,470,000 hectares, and a population of 1,500,000. The area encompasses parts of seven provinces, west of Bangkok, with the nearest point some 50 km. from the capital. The Meklong valley is bordered on the eastern side by the Ta-Chin River which runs through the Nakorn Pathom province and on the western side by the Meklong River, one of

whose tributaries is the famous Kwae River on which the equally famous but fictitious bridge stood. This portion of the kingdom is of special interest to us social scientists, medical scientists and agricultural scientists because of the variety of problems it offers. Social scientists will deal with people of at least four races and dialects, with the problems of land tenure, theft, maladministration, illiteracy, the failure of the co-operative system, to name but a few. Medical scientists will be challenged by the problems of preventive medicine, and we hope to a lesser extent, curative medicine. Family planning, home and personal hygiene, nutrition, pollution are high on the agenda. The variety of soils and crops—rice, fruits, vegetables, tapioca, sugar cane, livestock, salt farming, fisheries, these and the all-important water management project will fascinate and motivate agricultural scientists. Students of all the three universities will provide the main work-force in the spirit of study-service.

We began early this year and have undertaken three surveys: one to find out what service and facilities are at present available from the government; the second, to find facts regarding the people and their mode of life; the third to study and analyse the character of soils in the area. The next step, in preparation, is to send six teams of field workers to live in six selected villages, scattered all over the valley. Each team will consist of a faculty member and three or four students: the emphasis is on the intermingling and co-operation among members of the three universities. The field workers will live in the villages as villagers, trying to gain the villagers' confidence, to assess the villagers' problems in all aspects, to help the villagers to help themselves, to introduce changes according to the villagers' wishes, and to improve the villagers' livelihood, health, education and self-government. A list of faculty members willing to serve as consultants in each specific field is being drawn up, thus pooling the three universities' expertise and scientific resources for the programme. There will

be established a close link between the field workers and the headquarters in Bangkok. Development projects beyond the capacity of the universities will be submitted to the Planning Board, Budget Bureau, and the competent government departments for consideration and implementation, fully supported by data, facts and assessment of local needs and expected benefits.

What do we expect from this Meklong Integrated Rural Development Programme ?

- 1) University teachers and students will serve as links between the ordinary people and officialdom: because of the defect in our system of government and public administration during the past twenty years, the gap between people and officials has grown wider and wider.
- 2) The programme will supplement, on a micro-basis, the government development efforts which so far have concentrated on infrastructural building, necessary but insufficient for the purpose of combatting poverty and improving the quality of life.
- 3) The villagers will be helped to help themselves and to create in their midst institutions for mutual help.
- 4) Teachers and students will acquire scientific knowledge from the real world to supplement what they normally learn from textbooks in classrooms.
- 5) Teachers and students will benefit from the wider outlook of multi-disciplinary approach to development.
- 6) The universities will learn how to cooperate with each other, and how directly they can make themselves useful to society.
- 7) This methodology of development will be analysed periodically to find out where it goes right and where it goes wrong; lessons to be learned from this assessment can perhaps be applied to other parts of the kingdom—and perhaps wider generalisations could be made.

It is too early to say whether this development programme by our universities will live up to our expectations. And no doubt

there are many other programmes organized by many other universities around the world, the University of Singapore included, which deserve even greater mention and attention than the Meklong programme. I hope this distinguished and learned company will forgive my audacity in attempting to share with you our hopes and ambitions in this particular case. We Asians have always been great travellers, and our literature is rich with interesting and exciting travellers' tales. If this traveller's tale cannot be called interesting or exciting, at least I hope that this assembly will graciously accept it as a tale submitted in gratitude for the honour received by my fellow honorary graduates and myself.

**PART III**  
**SOUTH - EAST ASIA**



## BEST WISHES FOR ASIA

I am grateful to the organizers of this Assembly for the honour of addressing this inaugural session. And I join my colleagues in warmly applauding and thanking the President of India for his words of profound wisdom and for his kind words of welcome on behalf of the great Indian nation. To be in Delhi again is a joy to me personally.

On this occasion, it is perhaps permissible to offer to the Asian people some good wishes: and I shall confine myself to three wishes.

First and foremost I wish and pray that Peace will reign everywhere in Asia, and for a long, long time. And by that I mean real peace—not merely outward cease-fires with inward bitter hostilities. or superficial withdrawal of troops from one place only to increase them at another. Without peace, what we are going to discuss in this One Asia Assembly cannot bear fruit. International sympathy, mutual tolerance, the spirit of brotherhood, the practice of Panja Sila, are as sorely needed in Asia as in any other part of the world.

My second wish is for Nutrition—that is, good food for the body and the intellect of our people. Hunger is still the scourge of the masses: we must produce and consume more food, and more nutritious food. We must also produce and consume more spiritual and intellectual food; and therefore educational and cultural development for the masses must occupy the top of our priorities.

In recent years, Asian governments, one after another, have become more oppressive and have more and more attacked and limited freedom among their peoples. My third wish therefore is for more Freedom—not only for the mass media, scholars, writers,

students, but for the man in the street and the man in the field. Without freedom, efforts at economic development would be a waste of time and money.

Best wishes for Asia: Peace, Nutrition and Freedom for Asia,

## BUILDING PEACE IN SOUTH-EAST ASIA

1) The responsibility for building peace in the modern world rests primarily with the Great Powers. An open clash between any two Great Powers anywhere will bring about the gravest peril to the whole world. Nowhere is this danger more evident or more acute than in South-East Asia, a battlefield for more than a decade now. The involvements, direct and indirect, of the U.S. and China, and others, in this region have been dangerous, but so far they have been contained within perilous bounds. The long-drawn conflict has caused widespread and profound miseries to millions of human beings, including those outside the region. The situation there still represents the gravest threat to world peace.

2) Political settlement in South-East Asia is a first prerequisite for world peace. Both preventive and constructive measure are required of the U.S. and China, and of the nations within the region as well.

3) For preventive measures it is necessary to revive the Five Principles of Peaceful Co-existence, enunciated in 1954 by Nehru and Chou-En-Lai, which were subsequently adopted and expanded by the Bandung Conference in 1955. The Five Principles are commonly known as "Pantja Sila". They are:

- (i) Respect for the sovereignty and territorial integrity of all nations;
- (ii) Refraining from acts or threats of aggression or the use of force against the territorial integrity or political independence of any country;
- (iii) Abstention from intervention or interference in the internal affairs of any country;

- (iv) Recognition of the equality of all races and nations, large and small, and promotion of mutual interest and co-operation;
- (v) Settlement of all international disputes by peaceful means.

4) These Five Principles should be implemented at once by all nations concerned. In particular, the U.S. and China, and other Great Powers, should:

- (a) speedily withdraw all military personnel from all the countries in South-East Asia;
- (b) abstain from organizing, maintaining or supporting subversive activities in all the countries of the region;
- (c) abstain from interference in the internal political affairs of the nations in the area.

5) The problems of the overseas Chinese and dual nationality are perennial and potential sources of conflict within the nations and between the nations. These problems can be solved to some extent by China; but the South-East Asian nations concerned must also adopt wise and responsible policies and measures to solve them within their national boundaries. These problems are the legacy from the old days; that is true. But the urgency is now greater than ever before.

In 1955, a Sino-Indonesian agreement provided for the free choice of only one nationality for all persons over 18. This was a step in the right direction; but it has proved to be inadequate. There has been no provision nor efforts for the assimilation of overseas Chinese into the host societies.

In both Indonesia and Cambodia, Chou-En-Lai expressed the hope that overseas Chinese, having made their choice, would "increase their sense of responsibility toward the country whose nationality they have chosen". Loyalty to the host country where they live and earn their livelihood should be urged.

6) After so much destruction and misery for more than a decade, the social and economic conditions of Laos, Vietnam and Cambo-

dia need to be rehabilitated, reconstructed and developed. Financial and technical help from the Great Powers are required.

Even for other countries in the region, continued and speedy development necessitates external assistance.

This is the constructive side of the Great Powers' responsibilities. Such an assistance, however, must be free from political or other conditions and should be the subject of bilateral agreement based on freedom of choice both of the donor and the recipient.

7) In the long run, the social and economic viability of South-East Asian nations and peace among them depend on the degree of co-operation within the region. The Great Powers can ensure lasting peace in this critical subcontinent with their encouragement and support for closer regional collaboration.

8) It must be emphasized that what is expected from the Great Powers is only a part of the necessary conditions for peace in South-East Asia. For peaceful coexistence, for rehabilitation, for the solution of dual nationality, for development and closer co-operation, the nations in the region will have much to do for themselves and among themselves.

## THE QUALITY OF LIFE OF A SOUTH-EAST ASIAN

### *A chronicle of hope from Womb to Tomb*

While in my mother's womb, I want her to have good nutrition and access to maternal and child welfare care.

I don't want to have as many brothers and sisters as my parents had before me, and I do not want my mother to have a child too soon after me.

I don't care whether my mother and father are formally married; but I need them to live together in reasonable harmony.

I want good nutrition for my mother and for me in my first two or three years when my capacity for future mental and physical development is determined.

I want to go to school, together with my sister, and learn a trade, and to have the school impart social values to me. If I happen to be suitable for higher education, that opportunity should be available.

When I leave school I want a job, a meaningful one in which I can feel the satisfaction of making a contribution.

I want to live in a law and order society, without molestation.

I want my country to relate effectively and equitably to the outside world, so that I can have access to the intellectual and technical knowledge of all mankind, as well as to capital from overseas.

I would like my country to get a fair price for the products that I and my fellow citizens create.

As a farmer, I would like to have my own plot of land, with a system which gives me access to credit, to new agricultural technology, and to markets, and a fair price for my produce.

As a worker, I would want to have some share, some sense of participation in the factory in which I work.

As a human being, I would like inexpensive newspapers and paperback books, plus access to radio and TV (without too much advertisement).

I want to enjoy good health; and I expect the Government to provide free preventive medical services and a good, cheap, readily available curative service.

I need some leisure time for myself, and to enjoy my family, and I want access to some green parks, to the arts, and to traditional social and religious festivities.

I want clean air to breathe and clean water to drink.

I would like to have the security of co-operative mechanisms in which I join to help others do things which they cannot do alone, and they do the same for me.

I need the opportunity to participate in the society around me, and to be able to help shape the decisions of the economic and social as well as the political institutions that affect my life.

I want my wife to have equal opportunity with me, and I want both of us to have access to the knowledge and means of family planning.

In my old age, it would be nice to have some form of social security to which I have contributed.

When I die, if I happen to have some wealth left, after leaving an adequate amount for my widow, I would wish, the government to spend the rest to make it possible for others to enjoy life, too.

These are what life is all about, and what development should seek to achieve for all.

Appendix to

“Thoughts on South-East’s Development for 1980.”

**PART IV**  
**OPPORTUNITY FOR ALL**



## AGRICULTURAL RESEARCH AND ECONOMIC DEVELOPMENT

The strategy for the United Nations Second Development Decade prescribes the following objectives; among others :

- increase in the real income per head;
- redistribution of income in favour of the poor;
- social justice;
- prevention or reduction of unemployment and underemployment.

Researches in agriculture and food science constitute a very important means of attaining these development objectives. Increase in agricultural productivity would tend to improve the income of the farmers, who are the most numerous underdogs of the developing world. By increasing world food supply and ensuring an efficient means of distribution, famine and hunger could be prevented. One hopes that the improvement in the nutritive quality of food, especially for infants at crucial stages of growth, would not only enable poorer people to enjoy better health, but also would tend to have a beneficial and long-lasting impact upon the mental and physical abilities of the new generation. In general, one would expect successful researches generally to improve the quality of life both in the rural and urban areas.

And recent research in agriculture and food science has indeed had staggering successes. The scientific discoveries in the field of rice, wheat and other crops have been hailed as miraculous. And there are more to come: for example the crossing between wheat and rye to produce a new food crop called the Titikele, a research project financed by IDRC. The promise is likely to be

fulfilled. The green revolution is with us, and utopia looks like being realised.

Yet, even today, there are large areas in the world where hundreds of thousands of people still die from famine, and still more who go to sleep hungry every night. Malnutrition still takes its toll among millions of children and adults. Even those who have enough to eat in the rural areas and in large sections of the urban areas of the metropolis, are still heavily weighed down with poverty. World prices of food grain, meat, animal feed and fish soar to the sky. River and atmospheric pollution is no longer confined to the cities of the developed nations: it is spreading to the countryside everywhere in the poorer world. All these problems are not short-term, temporary or periodic problems. In the long term the outlook is even dimmer, and frighteningly so.

How can this apparent paradox be explained ?

I submit that the reason behind this paradox is the fact that in the present human society, scientific progress is far more advanced than our wisdom to utilise this gain in technological knowledge. Our commercial and economic system, our skill in public administration, our social organisation all lag behind and remain inadequate to cope with the complex task imposed by more advanced technology.

The rapid growth in *population* during the past century has outstripped the increase in food production. This is indeed a global problem; but worse still, the rate of population growth has been highest where productivity improvement has been the lowest —i.e. in the poorest regions of the world. Family planning and birth control are necessary to ensure adequate food supply.

Secondly, *the widening gap in the distribution of income and consumption* between the rich and the poor in this world militates against the poor in respect of their food consumption. The rich, in developed and developing nations alike, in New York, London, Tokyo and in Singapore or Bangkok consume more meat and

better quality meat than ever before; and consequently the extra amount of food grain necessary for producing more and better livestock and poultry has been obtained at the expense of the supply of food grain for the poor.

Thirdly, for some complex reasons, including *overgrazing* in equatorial African regions, the areas of some deserts like the Sahara have expanded through long years of drought. This phenomenon, coupled with faults in the distributive system and the absence of sufficient weather monitoring services, has caused serious famine in many countries in Africa and in Asia.

Fourthly, *wars, unrests, and banditry* seriously disrupt the normal food supply distributive system and gravely deter investment and production. In the words of senior cattle officers in my own country, relatively peaceful in S.E. Asia, "We have not the heart to urge farmers to breed more livestock, knowing full well that sooner or later the cattle will be stolen and no remedy is in sight".

Fifthly: in many poorer countries, the *shortage of land and the adverse land tenure system* and the consequent absence in the improvement of land for cultivation have caused the productivity of land progressively to deteriorate over the years. The problem of land tenure is cumulative, because, more and more owner farmers are losing their land every year through indebtedness. This problem is aggravated by the vagaries of weather and by the instability of the price of agricultural products.

Sixthly, in many instances, the inertia, ignorance and stubbornness of agricultural extension officers constitute formidable resistance to the application and dissemination of modern scientific knowledge needed in the concept of the green revolution.

Seventhly, *industrial processing of agricultural products often suffers from faulty planning* with respect to the supply of raw materials. Pineapple canning factories, for example, too often rely on chancy supplies of pineapple from neighbouring small farms and consequently have to interrupt their production when inadequate supplies are forthcoming.

There are no doubt other reasons for the unsatisfactory state of affairs in the application of scientific knowledge for the benefit of mankind. But the major problems appear to lie in our inability to organise our social, administrative and economic system to match our technological progress.

If the above analysis is correct, the problem must be tackled simultaneously at several levels; by international co-operation, by national governments, and by organisations within each nation.

International actions are needed for the prevention of war, monitoring bad weather, for arresting the expansion of aridity and extreme aridity, for the stabilisation of agricultural prices, for fairer distribution of food supplies between poorer and richer nations.

Governmental measures should aim at maintaining law and order within the nation, for population control, for fiscal policy in favour of more equitable distribution of income, for the reform of land ownership and land tenure, for better irrigation and water supplies, and for better service by agricultural officers.

Within each developing country, there is large scope for actions by non-governmental organisations, such as universities, or private charitable movements to go out in the rural areas and supplement government services. In most developing countries, there is a wide gap in the communication between officials and farmers. The former are inert and usually stand-offish; the latter do not have confidence in government officials. University teachers and students<sup>1</sup>, and private voluntary workers<sup>2</sup> could usefully serve as important links between officialdom and the populace in the short term, and in the long term urge the government to climb down, and the farmers to climb up so that the twain should meet on equal footing.

Whatever the case, national development is a multi-disciplinary process. Research planning must cover all aspects of human life

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1 . . . See Annex

2 . . . Such as the Philippines Rural Reconstruction Movement and the Thailand Rural Reconstruction Movement.

and human society. Agriculture and food research must go hand in hand with research in health, (including family planning,) in education, in administration, in economic, fiscal and commercial policy, and in social policy. "All available knowledge in agriculture and food, in administrative art, in medicine, and in education must be integrated or at least co-ordinated, so that their application to a village, a district, a province or a nation should bear the greatest benefit to man and to human society.

## ANNEX

At present, in Thailand three universities are jointly planning to launch a project, called the Maeklong integrated rural development project. The three universities are: Kasetsart (agriculture), Mahidol (medicine) and Thammasat (social science). The geographical location of the project is the area, west of Bangkok, confined by the Ta-Chin river in the East, and the Mae Klong (the famous river "Kwae") river in the West. The total area is some 1 million hectares, with some 2 million people. In this area, there are a variety of crops: rice, fruits, sugar cane, cassava, also livestock breeding in the hilly parts, and sugar mills in the west.

The principal concept of the project is to help the farmers to help themselves, and to help each other in the form of co-operatives. The approach will be an integrated inter-disciplinary one: i.e. agriculture and food, health (including nutrition and family planning,) education and social sciences. In order to gain the confidence of the villagers, university teachers and students will form themselves into a number of small teams and go and live in the villages, as ordinary citizens, and mix with the villagers. Whatever the universities could do to help the villagers with their own resources, they would proceed to do. But for bigger problems requiring greater resources beyond the capacities of the universities, matters will be referred to the government. For this purpose, the management of the project will have to make good contact with government departments as well as with the govern-

ment officials in the field.

After 3 or 5 years, the project will be evaluated and assessed. The lesson of successes and failures in this experiment might be used and generalised for application to other areas of the kingdom. It is felt that, after ten years of infra-structure development in Thailand, in which the overall rate of growth has been about 8–10% per annum on the average, the main defect of the government's developmental efforts has been that the benefit of the development plans has not reached the poorer people in the rural areas. It is hoped that this new project will help to correct this past defect.

Paper read at the Agriculture and Food Science Symposium,  
Singapore. 22nd February 1974.

## APPENDIX

# **CO-ORDINATION OF MONETARY POLICY, FISCAL POLICY AND DEBT MANAGEMENT**

- I. OBJECTIVES, GROWTH AND STABILITY.*
- II. THE INADEQUACIES OF SEPARATE FISCAL AND MONETARY MEASURES.*
- III. THE CO-ORDINATION OF THE POLICIES.*
- IV. RELATED CONSIDERATIONS OF IMPORTANCE.*

## **I. OBJECTIVES : GROWTH AND STABILITY**

1. The General Assembly of the United Nations, in its proclamation of the Second Development Decade, has specified a number of objectives for economic development. In this paper, we shall confine our objectives to growth and stability.

2. Too much attention may sometimes be paid to stability at the expense of growth. Excessive conservatism must be avoided in development. On the other hand, too much neglect of stability is very dangerous. Whereas a "conservative" policy will lead to slow growth, a policy which is too boldly concentrated on growth may lead to financial upheavals, payment difficulties, loss of confidence and bankruptcy. It does not take long to produce a runaway inflation; it takes several years and much hardship and massive external aid to bring such an inflation under control.

## **II. FISCAL AND MONETARY MEASURES : INADEQUATE SEPARATELY**

3. Fiscal and monetary policies are means to create and control the money supply to meet the need of economic activities, both normal and developmental. Too little money would dampen



the growth potential. Too much money would result in dangerous inflation. Both deflation and inflation create instability and both are inimical to growth.

4. How much money is right ? The answer varies according to the situation in a country at any particular time. The general approach is to relate the decision on money supply to the estimate of production. In Thailand our experience shows that it is safe to aim at increasing money supply at a slightly higher rate than the estimated growth of the GDP. The optimum difference appears to be 2% or 3%. Why ? We cannot say for sure. Perhaps the explanation lies in the increased monetization of the economy, especially in the rural areas.

5. In order to create the right amount of money supply and to control it, neither fiscal measures nor monetary measures taken separately are adequate tools. It is always a possibility that the Ministry of Finance and the Central Bank might take opposite and therefore mutually conflicting policies resulting in a chaos. Co-ordination is very essential.

6. In our experience, monetary policy in a developing country can have a chance of being effective only when fiscal policy is operative. In other words, a good budgetary and tax policy makes a central banker's life easier; and the opposite is unfortunately too true. Realizing this fact of life, and believing that prevention is better than cure, the central bank should endeavour to intervene in the annual budgetary and taxation considerations at an early stage. The need for coordinating monetary policy with fiscal policy is ample justification for such interventions.

7. In the circumstances of developing countries, the scope of monetary measures is limited. Open market operations are hampered by the absence of an active capital market and by the inadequacy of financial institutions of various kinds. In Thailand, rediscounting weapons have been used primarily for promoting

production and exports and their usefulness for monetary control is thereby blunted. In recent years, the upheaval in the world interest rates has rendered the tool of varying domestic interest rates almost useless. The cash reserve requirement imposed upon commercial banks remains a good weapon, although at times it works more effectively on the restrictive side than on the expansionary side owing to the scarcity of good bank lending opportunities. On the whole, monetary measures are useful and effective up to a point.

8. On the other hand, fiscal measures alone as a tool for controlling money supply are clumsy and fraught with political taints. In Thailand, appropriations are normally underspent, and tax revenue estimates generally exceeded by actual collection. These discrepancies have to be taken into account and they add to the uncertainty in the calculation of money supply.

9. There is another instrument which has been used by the monetary authorities in Thailand, namely the exchange rate policy. During the inflationary period of the 1950s, when budget was in chronic deficit, the central bank was able to mop up excess purchasing power by buying and selling foreign exchange at wide differential rates. This was the era of multiple exchange rates. More recently the Exchange Equalization Fund has performed similar duties within a more restricted scope. Foreign exchange, in fact, is thus used for the purpose of open market operations.

### III. THE POLICIES CO-ORDINATED

10. In paragraph 4, I have explained how we relate the change in money supply to the growth of production in Thailand. This formula obtains :

$$\Delta M = \Delta P + n$$

where M = money supply; P = estimated Gross Domestic Product, and n is an appropriate percentage, empirically found in Thailand in the 1960s to be 2%–3%

This means in effect that one should try to achieve an increase

in money supply consistent with the estimated increase in production.

How is  $\Delta M$  influenced? What are the factors to be considered in order to bring about a desirable change in money supply?

11. Looking at the problem from the viewpoint of the banking system, there are three factors that together affect the money supply: changes in its net foreign assets (F), changes in its net claims on the Government (G), and changes in its net claims on the domestic private sector (D). This is the equation:

$$\Delta M = \Delta F + \Delta G + \Delta D$$

In plain English, money supply will increase when there is a surplus balance of payments and when the banking system lends more to the Government and to the domestic private sector.\* With a deficit balance of payments, or less lending by the banking system, money supply will contract.

12. Of these three factors, changes in the net foreign assets can be considered to be more or less autonomous, depending on the state of foreign trade, private capital movements, official loans and grants. These can be estimated at the beginning of the year and thereafter reviewed periodically.

When the value of  $\Delta P$  and hence  $\Delta M$  is given, and  $\Delta F$  autonomously estimated, there remain two unknowns:  $\Delta G$  and  $\Delta D$ , which together must equal  $\Delta M - \Delta F$ . If there is to be more  $\Delta G$ , there must be less of  $\Delta D$ , and vice versa.

Both the Government deficit ( $\Delta G$ ) and the domestic private credit expansion ( $\Delta D$ ) must be estimated and decided upon in a manner consistent with the desired rate of growth in GDP ( $\Delta P$ ). To achieve such a consistency, one must consider a variety of details, e.g. total government spending, development projects, private savings and investments, trading prospects, etc.

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\* All these items are net change: for instance, in fact  $\Delta D =$  gross credit expansion—  
increase in the time deposits—  
increase in the capital and reserve account of the banking system.

In view of the need for a number of estimates, and because of the uncertainties involved, the situation should be reviewed periodically, preferably every month.

13. To give a numerical simplified example, let us suppose that  $\Delta P = 8\%$  and therefore  $\Delta M = 10\%$  and let us say that  $\Delta M$  of 10% is equivalent to 2,100 million Baht. If we also estimate that  $\Delta F = -800$  million Baht (deficit) and  $\Delta D = +1,500$  million Baht, then the Government ought to be told that they can safely borrow from the banking system a net amount of :

$$\Delta G = 2,100 - (-800 + 1,500) = 1,400 \text{ million Baht}$$

If the Government demands more than 1,400 million Baht, then it should be advised to raise tax revenue and/or borrow more from the public and/or cut its expenditure. Failing these alternatives.  $\Delta D$  will have to be reduced.

#### IV. RELATED IMPORTANT CONSIDERATIONS

14. It is not possible to discuss growth, fiscal policy and monetary policy without referring to budgetary policy. After all, investments in the public sector contribute directly or indirectly to economic and social development.

As in the case of an individual family, the government should spend only a part of its income on consumption, saving the balance for investment. The amount thus saved is usually smaller than the desired investment : the gap is filled by internal and external loans and grants.

From the experience of Thailand, a wise aggregate budget should look something like this :

$$TR - CE = 30\% \text{ of } DE$$

where TR = total revenue, CE = current expenditure and DE = total development expenditure including the finance of projects from external sources. 30% is approximate.

This means that for each fiscal year, the government should try to keep down its current consumption in order to save some

of its revenue to finance about 30% of its development expenditure.

15. One of the more serious dangers to be avoided by governments of developing countries is excessive borrowing. Of course, one needs to borrow in order to develop; but it is neither true nor wise to borrow more and more with the object of achieving the highest possible growth rate. Beyond a point, debt servicing can become so burdensome that it will forcibly limit the scope for development spending. External debt service, moreover, adds to payment difficulties and exchange instability.

In Thailand, the government has for many years agreed to the recommendation jointly made by the National Planning Board, the Ministry of Finance, the Budget Bureau and the Bank of Thailand, to limit its borrowings by the following resolution :

- (a) Public borrowings, external and internal, shall be done in such manners and terms that the total debt service in any fiscal year shall not exceed 13% of the government's total revenue in that year : and
- (b) External debt service in any fiscal year shall not exceed 7% of the estimated foreign exchange earning of the country in that year.

16. Regarding government expenditure, and especially development expenditure, the central bank should be entitled to be assured that the development plan and its component projects are wisely formulated according to a system of priorities, and that the projects are properly and efficiently executed. Corruptive practices of various kinds are obstacles to growth. Suppliers' credit, particularly short or medium term credit, and tied loans are usually fraught with snares and should be avoided.

17. In difficult years, the government tends to run big budget deficits, requiring the banking system to lend more and more to it, at the expense of  $\Delta D$ . This is dangerous for the development process, because if, as a result, the activities in the private sector become slack, the Government's tax revenue will suffer, thus

creating a vicious circle of bigger deficit leading to more demand for loans. The private initiative of producers and traders should be given adequate room in the development process.

18. Finally, there is the important problem of communication between the central bank on the one hand and the ministers, the press and the public. Fiscal policy, monetary policy and their co-ordination may be impeccable, but they will be useless if one cannot explain them in such a manner that will impress and convince others. For instance, the equations in paragraphs 10 and 11, and the numerical example in paragraph 13 may be all right for participants of the SEANZA Course. When we want to convince our ministers, sometimes it is necessary to sacrifice some rigorous accuracy for the sake of simplicity.

The said equations can be disguised as a "theory of the balloons". There is a balloon representing the national product, which needs to be inflated by 8%. For this purpose a second balloon, the money balloon, should be blown larger by 10%. There are three pumps which can inflate (or deflate) the money balloon, namely the foreign payment pump, the government pump, and the private sector pump. If any pump happens to blow too much air in, the other pumps must go easier.

If you don't like my theory of the balloons, why not invent something of your own? It might be good fun.

9th South-East Asia Newzealand Australia  
Central Banking Course  
Kuala Lumpur  
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