

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).