

“Thailand Economy – Its Strategies, Prospects and Challenges”

Present to H.E. the Malaysian Ambassador,
the NEAC executive director and members

By

Pongsak Hoontrakul
SASIN of Chulalongkorn University, Thailand
Email : Pongsak@Hoontrakul.com
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Agenda – Thailand Economy

- I. Thailand Economic Setting,**
- II. Strategies (+ Prologue),**
- III. Prospects and**
- V. Challenges.**

I. Thailand Economy Overview

- Fastest econ. growth rate since the crisis
- Driven mainly by private consumption and somewhat by export and private investment
- Poverty has fallen below 10%, lower than '96 resulting from increase in real farm income
- Sustained macroeconomic adjustment has reduced external vulnerability further.
- Export remains robust with est. growth more than 10%

II. Prologue : Globalization & Trilemma

1. **Capitalism** is a belief in '**inequality**'. It is a 'free' market oriented system and based on rational self-interested individuals.
2. **Democracy** is a belief in '**equality**'. It is a political process based on one man, one vote with guaranteed 'freedom of speech'.
3. **Social Welfare maximization** should be a government main objective. State social welfare system is invented to make capitalism and democracy ideals **compatible**.

The basis of '**Thaksin-omics**' – Dual Track !?!

II. Strategies: Trilemma on Political Econ.

Democratic Societies rely upon voting to establish social, political and economic objectives.

The essence of Thailand's dual track is

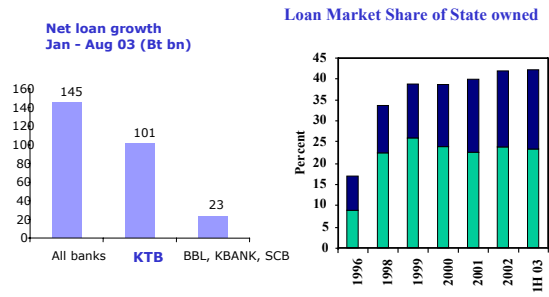
1. 'Social Welfare and Grass Roots' Approaches – citizen's welfare
2. 'Creative Destruction by 'FTA/ Open Regionalism' and state assistance approaches – business' welfare

Trade-off between the principles of economic efficiency and distributive equity given different speed of adjustments.

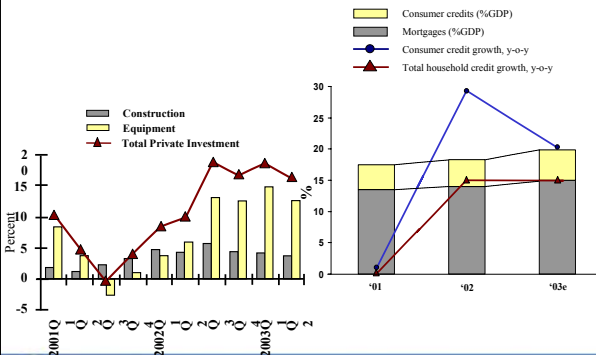
III. Prospects: Thailand Economy

- The outlook for 2004 is rosy with recovery expected to continue.
- Exports are expected to grow at slower pace because of capacity constraints and mild foreign exchange appreciation.
- Fiscal consolidation continued. High tax revenue is expected from high growth rate.
- Public debt would continue to fall below 50%
- National contingent liabilities may rise as more public (unfunded) initiatives [e.g. social security, 30 baht care scheme, SME credit guarantee..] are committed.

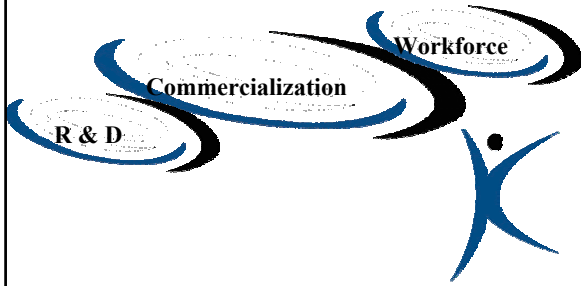
Table 1 : Thailand State Bank Lending Dominance



III. Consumer Credit, Mortgages, Private Invest. as of Jun 30, 03



Key Elements of the Strategic Plan – Flexibility, Productivity, Innovation..



IV. Challenge: HM the King on Education

“Our nation would rise or fall mainly on the education of each individual Thai. The education and training of today will determine the nation tomorrow.”

His Majesty King Bhumibol Adulyadej the Great

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Any comments are welcome
At Email : pongsak@hoontrakul.com
