

## รายการอ้างอิง

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ภาคผนวก

## Charter's spirit is inviolable

*Oh, how we cheered when Parliament, despite our worst fears, passed Thailand's first constitution based on the input of the people. At last we had a charter which served the interests of the ordinary person. But that was before our elected representatives in Parliament made their contribution.*



Most Thai people take pride in what has become known as the "People's Constitution" that came into force late last year. The constitution is touted as the best, most democratic, most liberal and most progressive this country has ever known. For all of these reasons the people hope this supreme legislation can lead to the major political reform and good governance so badly needed to put the country on track to prosperity and generally improved livelihoods.

The new charter and its accompanying laws advocate several political and social reforms and ensure greater protection for the rights and freedoms of the people. One such provision is the right of electors to vote outside the constituency where they have a domicile or where their residence is officially registered. This provision greatly benefits migrant workers and Thais studying, working or holidaying abroad as previously they were denied the right to vote for the simple reason that they could not be physically present in their home constituency.

Unfortunately, however, this provision is now being distorted in the House of Representatives. Several MPs have demanded that, overseas Thais aside, all voters must continue to cast their ballot in their home constituency. Migrant workers and government officials assigned to duties far from their home provinces will have to make the effort to return or lose their right to vote. Overseas Thais can vote at the Thai embassy or consular office in whatever country they find themselves.

The attempt to distort the charter seems all too clearly the product of self-interest, the work of narrow-minded MPs who fear that votes cast by migrant workers will not be in their favour. Also, the provision would make vote buying, all so common in the countryside, much more difficult, if not impossible.

The right of voters to cast their ballot in areas outside their home province, as stipulated in Article 105 of the constitution, is complemented by Article 68, which states in essence that all Thai citizens aged 18 years and meeting the requirements of the election law are duty-bound to vote. Rather than denying migrant workers the right to vote, it should be the responsibility of the state to do whatever it can to facilitate this right. Sadly, many MPs have yet to appreciate this fact.

There are provisions in the election bill other than the Election Commission of Thailand bill now being scrutinised that do need amendment. Take the provision requiring applicants for a seat in the Senate to pay a 50,000 baht application fee plus a surety of 300,000 baht that will be confiscated if the applicant fails to secure the minimum mandatory number of votes. Prospective Lower House members only have to pay a 10,000 baht application fee, so why the double standard weighted against Upper House hopefuls?

The charter states that the election commission is entrusted with the duty of organising and supervising the election of MPs, senators, and local councillors and administrators. It is fully authorised to order state, provincial or local officials to do whatever it feels necessary to support these elections. But the power of the commission is being watered down by the House, with the end result that it might be rendered ineffective.

Members of the House of Representatives might feel obliged to rush through the election and election commission bills to meet the Feb 7 deadline. But time constraints are no excuse for MPs to tamper with the spirit of the "People's Constitution".

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◆ Bangkok Post ◆

## No turning back from Apec goals

*Leaders from the Asia-Pacific Economic Cooperation forum meet today and tomorrow in Vancouver. Since the last summit in the Philippines, much of the Asian section of Apec has taken an economic downturn. The group is four years old, and this year's meeting will be a turning point.*



The leaders of the 18 Apec forum members have gathered in Bogor and Subic Bay, Seattle and Vancouver. Their meetings have been informal, and the results meagre. The prime ministers and presidents have gained a reputation for having a bit of a holiday every December. They have insisted their only topic is business, neatly avoiding pesky questions about human rights and social development. Starting today in Vancouver, Apec and those who run it can prove their business is national and international development.

The first three Apec summits were arguably light and fluffy for a reason. Life was generally good back home. A year ago, after all, Thailand was everyone's favourite. We were on top of the world, statistically, with a 10-year record for the highest economic growth. What a difference a year makes.

In the good times, Apec leaders were happily focused on one issue: free trade. There were no barriers, except time, to a globalised Asia and Pacific region, trading goods and services across borders. Free traders ran over the more conservative Apec members. In one infamous case, there were angry words and more when the Australian prime minister jeered that Malaysia's leader was "recalcitrant" in resisting free trade.

It remains to be seen, therefore, if the men who guide Apec have the fortitude to continue. Free trade, liberalising industry and privatising services are not at the top of the popularity chart. Prime Minister Chuan Leekpai sounded timorous to a fault as he boarded his flight to Vancouver. The main message he has for the summit, said our Apec founder: The Asian currency crisis is not Thailand's fault.

This is a timid stance, to say the least. The Apec club does not have blame-laying on its agenda, and for a good reason. There is enough to go around the table, including for Mr Chuan and those with him in Vancouver. But the stated purpose of Apec is to set future policies that are imaginative, in order to build the economies of the region and its member nations.

It would be a great disservice to this cause if the Apec summit tries to back down from the meagre achievements since 1993. Apec is neither a trade bloc nor a power group. It is nothing but a forum, where leaders can get together in pairs, groups and all at once, to make creative and skilful decisions for the future.

The Apec summit is not a place for politicians to save their faces or other parts of their bodies. That includes Mr Chuan. It also includes Dr Mahathir of Malaysia and his anti-foreigner rants, Mr Jiang of China and his never-ending justification of political prisoners. It also includes Mr Clinton of the suddenly fearful America, who comes to Vancouver wringing his hands over new and record trade deficits with Japan, Singapore, Malaysia and Thailand.

Apec leaders owe their constituents back home some continuity at the least. If ever-free trade was the proper policy for the Asia-Pacific region for the past four years, then a currency crisis is no reason to stop. A report to the summit predicts that tearing down trade barriers will add \$67 billion to Apec economies by 2010.

Officials agree in every country that the economic fundamentals are fine, and renewed prosperity is a matter of time and system-tweaking. If the 18 national leaders simply shake hands and talk today and tomorrow, then perhaps the Apec forum has little reason to survive. It is time for the leaders of this club to rise to the occasion and provide a summit of hope and direction.

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Bangkok Post

Striking Statement

→ Bangkok Post ←

## Being Pauline can be perilous

*They are out to get her because she will not be silenced and is a formidable foe. Pauline Hanson thinks she is a member of an endangered species and has recorded a video for posterity. Her bizarre behaviour indicates that all that is at risk is the political future of Pauline Hanson.*



There's nothing like a good conspiracy theory to stir the imagination of people who like to talk in hushed tones of sinister and bizarre plots to turn us all into automatons. The best of theories always seems to revolve around international conspiracies financed by mega-rich industrialists, bankers and, of course, arms merchants who want devilish foreigners to foist alien traditions upon god-fearing, decent folk who like to go to home improvement stores at weekends.

In extreme cases, the plotters' grand design is to force noodles upon people who prefer fish and chips.

To qualify for a starring role in any such conspiracy theory, it helps if the subject is no longer of this planet. Theories about the assassinations of John Kennedy and Robert Kennedy linger after all these years because they are dead, and the finger of blame still points at the Cubans, the Mafia, the Central Intelligence Agency and J. Edgar Hoover, individually or collectively.

Pauline Hanson, however, has a problem. In the physical sense, the sole member of Australia's One Nation Party is still very much of this planet, in Canberra, to be precise, even if her ideas belong to a more distant corner of the Mulky Way. But that minor inconvenience has not prevented the former dispenser of fried fish and potatoes, battered saveloys and chico rolls from imagining that she has been bumped off and may be swapping political chit-chat with the Kennedys beyond the pearly gates.

Pauline has dived head first into fantasy land with a video in which she delivers a 12-minute "address to the nation" explaining that she has been murdered. The motive, needless to say, is that Pauline has aroused the wrath of the noodle conspirators and is too brilliant a politician and too formidable a foe to be left to her own devices.

In her movie debut, Pauline does not explain how she came to be murdered but we suspect the agent of her demise was a horrible hairy spider from the jungles of Borneo or perhaps the driver of a 10-wheel truck. She does not say if she expects to meet Elvis.

"Back on Planet Earth, the late Pauline has said she would like her video to be broadcast on national television in the event of her death, which will, of course, be untimely. "Fellow Australians," explains the ex-Pauline, "if you are seeing me now, it means I have been murdered. For the sake of our children and our children's children, you must fight on. Do not let my passing distract you for one moment."

The fight that the former Pauline refers to is her campaign to stop Asian immigrants from swamping Australia and native Australians from making claims to some of the nation's bounty. The independent MP from the semi-tropical state of Queensland, who also insists that Aborigines ate one another and that people of a darker hue to herself are inferior, has made her move at a time when her credibility is flagging. Her bid for celluloid immortality, it seems, is a desperate attempt to revive the populist fortunes of a woman who is patently dim.

Pauline is being a little hard on herself in her video, which is a break from political tradition in that she is making herself available for target practice. A softer approach might be more effective and a shade more realistic: Pauline could tone it down to say that her days in politics are numbered. The problem is, we suspect, that that is too close to the truth.

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Bangkok Post

Descriptive Phase

♦ Bangkok Post ♦

## Let's help each other out of Asian crisis

*There's no need for cheap talk from western worriers when America and the EU are already giving cash-strapped Asia as much as they theoretically can. We're all in this together.*



great many people here in Asia, both foreign and local, have expressed degrees of disdain at the fact that the United States of America and the European Union in some ways have let Asia down economically.

Yet it is widely recognised here, regardless of Malaysian Prime Minister Mahathir Mohamad's never-proven accusations, that foreign sources were responsible for the region's fiscal woes. We held the reins; we dropped the ball. Point over.

But it is still alarming to see continuing disrespect from the western press that Asia should "learn" to cope by itself.

Prime Minister Chuan Leekpai has tried his best to reassure foreign backers that everything under the sun is being done to not only sustain the International Monetary Fund's bailout programme but also to satisfy the Thai and foreign population that events are proceeding as they should be. By all accounts, once more, they are.

Opposition politicians in the United States can and will make great political hay out of the following, which appeared on the world news wires on Friday: "Retiree M.C. Webb of Pikeville, Tennessee, has a blunt message for Asia's struggling economies: 'Deal with it on your own.'"

It is up to Mr Webb's senator, congressman and president to advise him that if Asia needs his tax dollars today, he will gain tomorrow.

The fundamental resolve of this "Asian" crisis is that it is not Asian; it is universal. There are no borders here. What disturbs Asia today will be rattling the West's cage tomorrow.

It is from the outset understandable that IMF contributors anywhere who are themselves strapped for cash should feel hard-pressed when the Fund is bending over backwards to help stabilise our fiscal rigours. But this is no time for nationalism.

The ironically-named Tennesseean Mr Webb may well represent a majority opinion, according to a Reuters/Zogby International survey of just over 1,000 Americans.

"I'm a bit sick of the USA having to bail out all these countries," said the 66-year-old Korean war veteran. "Let them hack it alone."

According to the poll, 52.2 per cent opposed giving financial help

to Asia's stricken economies, but most said they would consider it if they thought the crisis might hurt the US economy.

It does; it will. Point over.

Let anyone who suggests that Washington is not doing enough to help our economy be censured, but let anyone who considers that it will not affect the West stand up and be prepared to face the music. We are all in this together.

What becomes most apparent in these trying months goes far beyond the invalid and the medic. Once again hale and hearty — as all accounts are predicting will happen soon — Asia will again be home to fiscally ferocious tigers with the stripes to marshal global economies and channel cash flows in the directions they are needed, not just in this region, but in Tennessee and Hawaii, Alaska and Alabama.

Let American and other foreign churlishness be set aside. Let's pat one another on the back and get on with the job of getting along and digging each other out of these potholes.

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## New year brings new challenges

*Another New Year has dawned. 1998 will offer some of the stiffest challenges in Thailand's long history. Major changes are certain as the country rises to battle the economic crisis. The country has suffered major blows during the past year. But despite the setbacks there also are reasons for optimism.*

**L**ast year was not the one during which everyone became everyone else's economic neighbour. But it was the year that Thais got the message. As a nation and a people, we lost massive amounts of money in 1997. We also lost a touch of pride, after 10 years of leading the entire world in economic growth. There was more than a touch of humility as we discovered some of the other, long ignored consequences of a globalised economy in an increasingly small world.

Nor was Thailand alone. The so-called Asian economic flu began in Bangkok on July 2 when the government cut the baht loose from its peg to foreign currencies. The flu spread rapidly. Malaysia's currency and stock market fell as if it would never stop. Indonesia joined Thailand in applying for help from the International Monetary Fund. South Korea almost went bankrupt and the New York Stock Exchange took its biggest one-day loss in history.

This was not what Thais had signed up for during the heady 1980s and the profitable early 1990s. Back then — in fact only a year ago — constant growth and a lack of setbacks seemed the rules of the game we had entered. The truth hit home and it hurt. The value of our currency was determined to be about half of what we thought it was. The property boom is bust and the grandiose development schemes and social security safety nets are on hold or cancelled.

But in some ways 1997 was also an excellent year for Thailand. For one thing, we made, arguably, the greatest democratic progress ever. A highly dedicated and scrupulously honest Constitution Drafting Assembly produced the first people's constitution. There is reason to hope it will drive the corrupt, the self-absorbed, the selfish and the crony politicians from office in a relatively short time.

And speaking of bad governments, the country was rid of the Chavalit government before 1997 was out. Chavalit Yongchaisyudh admittedly took a lot of public and political abuse during a little less than a year in office. But arguably he deserved it. It was on his watch that the economy finally faltered.

No one can blame Gen Chavalit exclusively, but the combined greed and fumbling of our economy during his premiership was undeniable. His departure was democratic, and without violence. It was the second greatest affirmation of developing democracy in 1997.

As 1998 dawned this morning, all of us Thais face individual and family problems. We all are worried about our loved ones. We fret, especially parents, about the growing threats to youth, who are truly the future of Thailand. Many of us face personal problems which may include loss of a job and no immediate hope for a new one.

We can be thankful for some things. The world outside Thailand, starting right at our borders, is often a violent place. We should not forget that more than 40,000 Khmer refugees fleeing war in their country have found Thailand a peaceful, dependable and safe haven. Many tens of thousands of Burmese have sought some sort of better life in Thailand as well. Despite talk of rounding up all illegal aliens for deportation, we should be proud that our country has this reputation as a peaceful place of amnesty.

As the "Thais Helping Thais" campaign proves, we Thais will unite in adversity. We are still coming to grips with new types of problems brought about by the sudden prosperity we have earned for our country. The coming year will severely test us all, and especially our political leaders. The battles for justice, open and responsive government and freedom are far from over. Our task, in 1998, is to ensure that we continue to try to achieve them.

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→ Bangkok Post ←

## Interested in one and one alone

*Samak Sundaravej said of the new constitution at the time it was being debated in Parliament that he could not support it because it was aimed at getting rid of people like himself. So imagine his anger when 13 of his party MPs allied themselves with the Democrats in a move only made possible by the new charter.*



he contortions that Prachakorn Thai is putting itself through would be amusing if the stakes were not quite so high, and what has become painfully obvious to the vast majority of people in this country is precisely what is being disregarded by Samak Sundaravej, the party leader, and his small band of diehards.

They are choosing to ignore the fact that the economy is sick and certain to get sicker before it can get better. They do not seem concerned by the hardships brought upon the people by rising prices and unemployment, falling productivity and rock-bottom morale.

What appears to be uppermost in the mind of Mr Samak and his supporters is that the Leader Of The Prachakorn Thai Party has suffered an almighty Loss Of Face and that life as we know it may not proceed until this unhappy condition is corrected. Never mind the 53 finance companies in limbo, the multitudes to be thrown out of work, and the prospect of ructions before, during and after the privatisation of state utilities. The issue is that there has been a revolt in Mr Samak's private dictatorship, and such things simply do not happen.

So piqued is Mr Samak that 13, now 12, of his 17 MPs have thrown off the shackles of domination that he is determined to ensure they pay for their treachery by forfeiting their parliamentary status, thereby denying the Democrat-led coalition the numbers it might need if it is to stand a chance of bringing the economy back to health. The factors behind Mr Samak's obsession, apart from that of a facial nature, are hard to determine. All that is clear is that Mr Samak dislikes the Democrat Party intensely, and if that can be taken as a political stand, then that it is.

Only when viewed through the rosiest of tinted spectacles could the coalition put together by Chuan Leekpai, the Democrat leader and prime minister, be seen as a creation of democratic beauty. Necessity has required that the

coalition take on a warts-and-all nature because Thai parliamentary politics remains beholden to numbers rather than quality. What it does have, however, is a leader and an economic team that has the experience and ability to inspire hope, and hope leads to confidence.

We do not expect miracles of the new coalition and nor have they been promised; what we do want is stability and continuity so that important policies are given time to work. It took Chavalit Yongchaiyudh 11 months to resign, realising that time was a crucial factor because the longer he stayed, the more confidence suffered.

There is ample reason to believe that the 12 MPs who have opted to stay out of Staling Samak have done so because they realise there is little future in a party that prefers to look backwards. Furthermore, joining the Democrat camp might do their image a little good and enhance their chances of success in future elections. Whatever their reasons, their support for the Chuan coalition has to be taken as positive whereas Mr Samak's thrashing about can only result in the opposite.

Mr Samak is also irked that it was his own people who frustrated his efforts to ensure that the next prime minister was Chatichai Choonhavan, and not Mr Chuan. Gen-Chatichai, it may be recalled, played something of a starring role in the most recently departed administration, in which he was chief economic adviser to the prime minister. In that position, Gen Chatichai was not a spectacular success, but Mr Samak did not seem to mind.

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◆ Bangkok Post ◆

## The heat is on our decision-makers

*The jury is still out on the phenomenon of global warming and to what extent it is caused by the so-called greenhouse gases. However most nations have agreed it is probably best not to flirt with danger, and so are now in Japan to decide the level of gases it is acceptable to pump into the atmosphere.*

**R**epresentatives of science, business, government and environment groups have gathered in Kyoto, Japan, to promote conflicting theories and interests and yet somehow contribute to a reduction in the so-called greenhouse gases. Scientists have varying theories, representatives of industry and developed nations have statements on how much or how little they are prepared to do, and green groups on how much they should do.

What is clear is that the world is getting hotter and will continue to do so without a cut in the emission of greenhouse gases that trap heat in the atmosphere of the Earth. This has been borne out by Britain's Meteorological Office, which announced on Friday that this year is to be the warmest on record. What is certain to be the focus of debate is who is to blame and who should do what about it.

It should be borne in mind here that certain participants, or the lobbyists behind the scenes, do not recognise a problem. There are influential schools of thought that hold that corrective measures could turn our accepted economic order into anarchy; that the Earth has what it takes to fix itself or that it is time that the rich countries pay their dues to the poor countries.

The challenges are all the more formidable because the problem is truly global and mankind appears to have been lulled into a worrying degree of acceptance. Rare is the city anywhere in the world that is not choked by traffic. When Iraqi forces set Kuwait's oilfields ablaze, pundits said never mind, the stuff was going to be burned anyway. When Indonesian business interests set their country's forests alight, they chose to point the finger at El Nino and wonder how anybody could have the effrontery to criticise them. Industry says it must meet its obligations to contribute to the economy and to keep people in work before it can protect the environment, which sustains more people than profits.

Industry says it must meet its obligations to contribute to the economy and to keep people in work before it can protect the environment.

Similarly, politicians know that the environment has made itself a priority issue. The biggest challenge of all might be one in which politicians have to put the hard word on the big business interests that wield colossal influence nowadays. Global warming is for most the most part blamed on the burning of fossil fuels that keep our factories and utilities working, our houses and offices warmed or cooled, and our transport systems running. Effective measures to reduce mankind's contribution to global warming will have to be as bold as they are fundamental, and it will take politicians of rare calibre to initiate any such moves.

To an extent, the battle lines have already been drawn, with the United States, the main source of greenhouse gases, offering merely to stabilise, and not reduce, emissions. Being a democratic kind of gathering, all are to be heard, even the lobbyists from oil and motor giants whose vision does not extend beyond the balance sheet.

Already, developing nations such as China and India have rejected suggestions from the US that they cut their emissions. It would be reasonable for developing countries to express consternation when told that they cannot get rich the way the developed countries got rich. Or on a more local level, how can a farmer in Uttar Pradesh of Thung Kula Ronghai understand that he cannot have the pick-up truck for which he has worked and saved so long because it is ecologically unsound?

The task is enormous and the goal a long way off. But representatives of 160 nations are gathered under one roof and that is a sign of recognition that Nature does not negotiate.

Bangkok Post

Direct Address

—♦ Bangkok Post ♦—

## There is more yet for us to do

*The world this week made major advances towards eliminating some of the weapons that once menaced the very existence of the human race. Yet the celebrations were definitely muted, at least in this part of the world, by the current economic woes.*



We are approaching a decade since the end of the Cold War, which might be fixed, for convenience, at the fall of the Berlin Wall in 1989. Inevitably, there are still some dinosaurs, noticeably in the US Senate, who have not yet realised, or accepted, that it has come to an end. But most of the world is coming to recognise the fact that, given a modicum of luck and good management, we are in an era of unprecedented peace.

In the Arctic this week the Russians were destroying nuclear missiles, in Washington the US was announcing international monitoring of the conversion of weapons-grade uranium to peaceful power sources, and the first meeting of the Organisation for the Prohibition of Chemical Weapons took place in The Hague, working towards the enforcement of the treaty already signed by 105 states.

And perhaps most notably of all, worldwide people-power scored a major victory in the signing of the treaty banning the production, use and sale of anti-personnel landmines by 121 states in Ottawa. The US, while refusing to sign and being generally obstructive, seems almost certain to be forced to abide by most of its provisions, and Russia and China are likely to at least be rather more careful about where their landmines end up in the future.

It cannot be said that the nature of the human race has changed overnight. Certainly, there will still be local conflagrations and there will still be the odd rogue regime arising from strained social circumstances that might cause concern, along the lines of Iraq. But on a worldwide scale, quite simply, the US is the superpower, and everyone else is far behind, making military competition and development on anything like the scale of the Cold War totally senseless.

That is a state of affairs no living person has ever known, and one with which analysts and the public alike have yet to grasp and define, let alone come to terms with its results.

One of these will be, certainly, economic. If we consider Britain around the turn of the century, Germany in the pre-World War II period, the US in the pre- and post-World War II eras, military development and competition were a driving force in economic and technological development. A large proportion of research and new technologies came from fear and triumphalism, the desire to be one better than your rival in having the bigger gun, the greater range or the newest weapon.

And while factories were churning out weapons of mass destruction, missiles and explosives, nuclear materials and even chemicals, they were providing employment and growth. What happens if that stops, if the driving force simply goes away?

The US has been trying, on a small scale, to come to terms with this "peace cost", with a battling regionalism closely related to the militant stance of some of those hawkish senators. There have been arguments about the closing of this or that base, that factory or the downizing of that unit. But the broader impact on growth, on the loss of a driving force for innovation and development, has yet to be seriously analysed, at least in the public arena. It may not yet be having a significant impact, but working in conjunction with the current Asian woes, it might be a significant multiplier.

Certainly no one wants to go back to the terrible days of "Mutually Assured Destruction" or children cowering under desks "practising" for the day when the bombs rained down. But we may need to work to develop, perhaps through harnessing the very people-power which triumphed in Ottawa, new driving forces for innovation and development.

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Bangkok Post

First of Third Person Statement

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## Surin must get Malaysia's help

*Foreign Minister Surin Pitsuwan is to travel to Malaysia soon. He will have one mission on the trip. That will be to try to convince authorities in northern Malaysia to prevent aid and training from Malaysia from reaching Thai terrorists. The Malaysian government must take this important Thai mission seriously.*



he Government has decided to go to the heart of the matter over the escalating violence in our southern provinces. It will dispatch Foreign Minister Surin Pitsuwan to Malaysia to seek a solution. Specifically, Mr Surin is to travel to Kelantan state, in Malaysia's northeast. Kelantan has long been known as a reliable refuge to Thai separatists from the South. Over the years, authorities or sympathisers in Kelantan have provided sanctuary to terrorists who stage violent acts in Thailand and then flee across the border.

It is certainly time for Mr Surin to try again to seek Malaysian cooperation in anti-terrorist action. Malaysian officials are issuing their standard denials and Mr Surin says he doesn't yet have a date for a Malaysia visit. But it is important to brush these statements aside and get on with the task.

Terrorism has again begun to stalk the South. Bombs and grenades have exploded, and shots have been fired. In recent days, the attacks have become more deadly. Two days before the New Year, a bomb exploded at a school fair in Betong, killing three young people. On New Year's Eve, bomb disposal experts managed to defuse a bomb on a bridge in Yala. On New Year's Day, two men on a motorcycle threw a grenade at a two-man police box. An injured officer and his partner killed one of the terrorists.

Our authorities have tried to play down this very serious turn of events. Spokesmen and even ministers at the Interior Ministry have blamed drug addicts or drunken teenagers for the renewed violence. Despite this clumsy attempt at misinformation, they also have acted carefully. Most importantly, the Interior Ministry and police have turned over responsibility for southern suppression to the Army. The Government has also approached the office of the Chularatchamontri for help.

The first decision is important, and will have far-reaching consequences we hope will be positive.

The Police Department has won a poor reputation through much of the South, particularly among Muslim communities. In the past, corrupt and poorly performing police were punished by being sent to the South. The Army, on the other hand, has largely been respected in the same Muslim quarters.

Now comes another difficult part of the planning. Foreign Minister Surin must get on with his trip. Cross-border sanctuaries are vital to Thai separatists. Mr Surin must spare no effort in his diplomatic talks with Malaysia. Kuala Lumpur officials, as well as those up-country in Kelantan, must realise it is in their own interest to help Thailand end its war with separatist terrorists. Malaysia has insisted the bandits are a uniquely Thai problem for far too long.

Thailand must insist that Malaysian officials halt both active and passive support to Thai separatists. Over the years, Thailand has bent over backwards to help Malaysia with its own Muslim problems. Thailand was severely criticised in the world when the government returned peaceful members of the Al Arqam sect from Chiang Mai to Malaysia, where they were detained without charges, lawyers or access to family.

Mr Surin and our authorities should insist on the success of the minister's mission as a benchmark of relations between our two countries. We should no longer accept vague Malaysian promises to do their best to root out, arrest and deport known terrorists to Thailand. Malaysia says it has done its best for a generation. Now it is time for Kuala Lumpur and its state governments to do far better.

Our authorities should insist on the success of the minister's mission as a benchmark of relations between our two countries.

# We deserve vision, not bad memories

*The impending resignation of Chavalit Yongchaiyudh has fired the imaginations of the nation. No one can be certain who will succeed him. No one is quite sure who they want as his successor. There are limited options, and among these there are those whose appointment would be of no benefit whatsoever to the country.*

**S**ome years back, Sunthorn Kongsompong, as the chairman of the ruling National Peace-keeping Council, made an interesting observation on the line of succession for the premiership after the overthrow of the Chatichai Choonhavan administration. The junta said Suchinda Kraprayoon, the army commander, should be made prime minister. If he declines, Gen Sunthorn said the post should be given to the next in line, Air Force Commander Kaset Rojananil. The third choice would be Army Deputy Commander Issarapong Noonpakdi.

As it was, all three declined the post and an outsider, Anand Panyarachun, was invited to head an interim government. But to Gen Sunthorn's mind, the premiership was clearly a piece of cake to be passed down the line made up of a handful of senior brass.

By coincidence or by design, Prime Minister Chavalit Yongchaiyudh appears to share the same idea. Since he announced his intention of stepping down after the passage of six financial decrees and three organic laws by Parliament this Thursday, the embattled prime minister has done his utmost to find a successor from among his coalition partners. But his first choice, Chart Pattana leader Chatichai Choonhavan, reportedly declined the offer and so the premier is now pinning his hopes on Privy Councillor Prem Tinsulanonda, at the recommendation of Gen Chatichai. Democrat leader Chuan Leekpai is the third choice.

The prime minister should not be involved in selecting his successor. It's a job that should be left to the parliamentary president as specified by the new constitution. And in keeping with tradition, the party commanding the second largest number of seats, the Democrats, should be given the opportunity to form a new government.

What transpires will be known in the next few days. But what is certain is that the Thai people will not accept anything less than a competent and honest government. The past 11 months have been a painful experience of the ills that accompany the wrong government leader heading the wrong government.

The latest insistence by Chart Pattana that Gen Chatichai assume the premiership might well throw the country right back into the turmoil that it appeared to be escaping with Gen Chavalit's imminent departure. Gen Chatichai would do well to remember the incident seven years ago when the corruption that characterised his government was just the excuse needed by the military to rise up against him.

One wonders if Gen Chatichai has ever pondered why there was not widespread protest against the coup despite the flourishing democracy of the time? No one wept over the downfall of his administration, for him or for any of his ministers whose assets were frozen by the military junta, before mostly being returned several years later. The only memories of his administration are the corruption and the bubble economy which has burst so spectacularly.

Gen Chatichai belongs to the past. He might have been fit to lead the country in the past, but not now, not given the economic crisis to which he and his party contributed so much. And let us not forget Chart Pattana's seemingly endless part in attempts to undermine the prime minister with absolutely no regard for political etiquette or the consequences for the wellbeing of the nation.

Gen Chavalit appears finally to be ready to step aside for the common good. Would it be that Gen Chatichai would do the same and content himself with being leader of the Chart Pattana Party

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— THE NATION —

EDITORIAL

# Probe on the BBC scandal welcomed

**S**ome may see the government's decision to investigate the central bank officials responsible for the Bangkok Bank of Commerce fiasco as a personal vendetta. But that would be typical old Thai thinking in which personalities overshadow everything.

No. The BBC probe — to determine why the management of the bank under the Bank of Thailand had failed — is essential in an accountable and transparent society. It is part of the wide-ranging reform that people have been talking about. And it is part of a process to get down to the heart of the matter about an important problem in Thai society.

All too often in Thai history tasks have been left half-done or done so half-heartedly that the result was half-baked. The BBC fiasco amplifies a typical failing that had cost the country dearly (more than Bt100 billion). But there are countless other examples, from the failure of various authorities, including the police and the military, to the Counter Corruption Commission in seeing that justice is served. There are also the examples of the guilty walking off scot-free and public dishonesty being swept under the carpet.

Justice is already cynically regarded by the public in general. And the failure to punish wrongdoers for rea-

sons of "relations" and "patronage" will cost Thai society dearly.

The earlier BBC probe by the former Chavalit government was a half-hearted attempt to examine the errors committed by Bank of Thailand officials. The Suthee committee, which conducted the probe, found that there were grounds for abuse of power or even dishonesty in the Bank of Thailand's decision when a former governor pumped money into the bank without first penalising the shareholders through a capital write-down.

**All too often in Thai history tasks have been left half-done or done so half-heartedly that the result was half-baked. The BBC fiasco amplifies a typical failing that had cost the country dearly.**

But the Suthee committee did not name names, nor did the government at the time push for it, although it knew there was much wrong with the conduct of some of the central bankers and that others were incompetent and dishonest. As it stood, BBC was going to be another case swept under the carpet. Any reform proclaimed to improve the workings of the central bank would be a smoke screen to hide the real issues.

So, it is much welcomed that the Chuan government, through the Finance minister, has agreed to

look into those responsible. This is a display of commitment towards justice. This is what reform is all about — to get into the heart of the matter. If it is a question of inefficiency and incompetence, then let it be known. If it is a question of abuse of power or dishonesty, then let justice take its course.

This is not a personal matter. It is one of principle and the exercise of justice. It is about injecting transparency and accountability into the system.

A probe will help end the dark spell that has grounded the Bank of Thailand due to an atmosphere of fear. At the moment, the officials are fearful of making a wrong move. Morale is low. Such an environment has affected the central bank's sense of independence and responsibility to the country. The BBC investigation will help clear the air and define a new boundary for the future.

In the final analysis, it takes political will to do what is right. The Finance Ministry's probe must be fair and just. Those with credible backgrounds that were invited to sit on the probe committee should not reject the offer to carry out this onerous task. Some may see it as dirty work. But no! This is a call of duty to put in place a society that has courageous people willing to uphold the principles of law, justice and accountability.

EDITORIAL

# PC investigation must go all the way

In the next two months, an Education Ministry committee will announce disciplinary charges against 18 ranking officials alleged to have been involved in irregularities related to the purchase of personal computers.

The PC-for-schools purchase scheme, part of the Education Ministry's controversial Bt10-billion computer and software acquisition plan, is one of the ugliest corruption scandals to occur in this country.

It is one about which many parents and other people who in one way or another come into contact with teachers and schools have a tale or two to tell. It is widely known that the machines were bought at excessive cost, were obsolete, and most seriously, could not be used in many schools because either there were no teachers who knew how to operate them or there was no electricity to run them.

It is important that the current education minister and his deputy take note of the strong public feeling about this scandalous episode of public sector corruption. At the same time, the ministers must not politicise the case - a tempting move as the PC purchase plan was initiated and overseen by ministers in the last government.

What they must do is to make sure the investigation is conducted with utmost fairness and transparency and

that the complicated equipment and software purchase procedures are clearly explained to the public. They must also spell out what irregularities were involved in the PC purchase plan and how the deal seemingly moved through the system without any red flags being raised.

Last but not least, the authorities must focus not only on the culprits who are state employees but also on private sector PC and software vendors and brokers, as well as politicians who were part of the conspiracy. The

It is widely known the machines were bought at excessive cost, were obsolete, and most seriously, could not be used in many schools because there were no teachers who knew how to operate them.

state attorney-general must consider taking these suspects to criminal court.

While the resolve being shown in tackling the school PC scandal is encouraging, the government is concentrating its efforts at the tail-end rather than the source of the problem. The authorities must now look for ways to prevent the same thing from happening again. This is an urgent task for the education ministers and must be considered an integral part of the education reform process, which is seeking to improve the efficiency of the school system and put an end to the centralisa-

tion of decision-making by dinosaur state officials.

First of all, it is a valid assumption that many officials at the ministry do not have a clue what a PC is used for, what it can do or how to buy one. This is why they brought in private sector advisers to help them. These agents, however, were evidently interested only in maximising their revenue rather than considering interests of schoolchildren. That is also why many PCs ended up in the wrong places and were grossly over-priced. Future PC purchasing committees should not be monopolised by ministry officials but should include credible members of universities, schools and colleges as well as technology-minded private sector members who must not have ties with any PC or software vendors.

Secondly, the PCs should be leased rather than bought if that is financially viable. It is a fact that technology changes very fast.

Thirdly, one should expect a minimum of common sense from the Education Ministry, such as not buying PCs for schools with no electricity or those whose teachers have not been trained in using them.

For now, the focus must be on bringing those who have abused their authority to trial. The ministry's investigation committee and the Counter Corruption Committee must go all the way to make sure this affair is not repeated.



EDITORIAL

# Shame on the Spencers

No rest while alive and now apparently no rest while dead. Not even six months have passed since Princess Diana perished in a car accident while being chased by photographers, and now her family has announced it will be charging the public to visit the "secluded" island where the one-time British royal is buried.

The tickets, which will raise money for the favourite charities of the former wife of the heir to the British throne, Prince Charles, went on sale for the first time on Tuesday.

Some cynics have noted that they had long suspected that Earl Spencer, Diana's controversial brother who won public support when he spoke against the monarchy's dogmatic and stiff environment, would try to commercialise his dead sister's celebrity.

"It is shameful and not the right thing to do," said one visiting Briton in Bangkok.

Earl Spencer is also doing to the princess the very thing she hated most - leaving her alone. He and his family have buried Diana in isolation - on an island in the middle of a lake in Althorp Park, for generations the country estate of the Spencers.

As a friendly and warm personality, Princess Diana would have almost certainly have preferred, if she was asked, to have been buried near other people.

The Spencer family will open their estate to 2,500 visitors a day between July 1, the princess' birthday, and Aug 30, the eve of the anniversary of her death.

For £9.50 (US\$15.50) per adult and £5 per child,

Rather than charging people who wish to pay their respects at her grave such a high fee, a better idea would have been to allow visitors to make contributions on their own.

visitors will be able to tour Althorp House, visit a museum dedicated to the princess' life and venture to the edge of the lake to view the grave. The island itself will remain out of bounds.

In previous years, parts of the estate had been open to the public for two months during the summer at a price of £6.50.

Earl Spencer has said that any profits from visitors this summer would be donated to the Diana, Princess of Wales Memorial Fund.

The commercialisation of the late princess has come amid the hype of what is being called Prime Minister Tony Blair's new British nation. The usually-subdued Britons openly cried in public during Diana's funeral.

Diana was killed in a road accident in Paris on Aug 31 along with her lover Dodi al-Fayed and their speeding car's driver.

A spokeswoman for the princess' family, the Spencers, said 10,000 tickets to tour the compound had been sold on the first day alone. With a limit of 152,000 tickets set by Spencer, a black market and forged tickets are considered inevitable.

The response suggests that the princess still holds a special place in the hearts of the British.

Rather than charging people who wish to pay their respects at her grave such a high fee, a better idea would have been to allow visitors to make contributions on their own. The system as proposed by the Spencers, with its hot-lines, fees and talk of profits and black market sales, has the trappings of a freak show.

Much of Diana's life was surrounded by such a media circus. In death, she should be allowed a little more dignity.

EDITORIAL

## Sweet justice in Buri Ram

There could hardly be a better way to begin political reform. The Supreme Court's ruling on Monday sending two defendants in the much-publicised Buri Ram vote-buying case straight to jail brings concrete hope that for the first time, the biggest malaise of Thai politics can be contained.

The highest court has done it in a manner that lives up to its name. The original ruling by the Criminal Court allowed Naruepol and Prapaporn Siripanit to walk free, although it did also order the seizure of the Bt11 million in cash found in their possession at the time of their arrest. The court nevertheless balked at handing down a stiffer sentence on the grounds that the law was unclear about conviction and punishment since the defendants were not caught red-handed in the act of buying votes. The Appeals Court sentenced the couple to one year in prison each but suspended the term for two years.

In a verdict directly related to the central point of the issue, the Supreme Court emphasised that the evidence seized from the Buri Ram couple – the enormous haul of cash divided up and attached to the election cards of three candidates – proved beyond reasonable doubt what the defendants were “attempting” to do. In revoking the couple's probation, the Supreme Court ruled that their act was detrimental to democracy, the people's sovereign power, national administration and social structure. Moreover, the court stated, the defendants are well-edu-

cated people with considerable social status who should have made themselves a good example to society.

The verdict sends the strongest legal warning yet to politicians and their canvassers. Traditionally, huge amounts of cash have flowed from place to place in the most defiant manner during election time. All these criminals had to do was make sure they were not caught in the act of physically handing out money to voters. Politicians entered their parties' offices and left with boxes of cash. Without shame, some even showed the money to journalists.

All that is going to change. The conclusion of the Buri Ram case will serve as a great deterrent. Knowing that simply keeping too much cash at home during election times could land them in jail, vote-buyers will no longer be able to act with impunity. Politicians, their canvassers and voters have received the clearest message from the Supreme Court: We mean business. Do it again if you dare.

Though no politicians were convicted in the Buri Ram case, the court's ruling is a good start. Controversial MP Newin Chidchob tried to brush the ruling aside, arguing that the couple were trying to help his election teammate, who is the woman's brother. The Supreme Court's verdict has nevertheless further tainted his political career.

And politicians cannot be complacent with the fact that Newin and the other two candidates were let off the hook. As Central Investigation Bureau chief Pol Lt Gen Seri Temiyavej pointed out, if the police who took over the

case from him had conducted a fair and vigorous follow-up investigation, they would have found enough evidence to bring the real Buri Ram mastermind to justice. Seri called for an investigation of the police team, which even refused to prosecute the couple on grounds that no electoral crime had been committed.

The case nearly collapsed when the police who replaced Seri as a result of political intervention asserted that the couple could not be charged with vote buying. The suspects were compared to a gunman arrested with a pistol, who can't be charged with murder. That lame argument was left in pieces following the Supreme Court's decision, and vote-buyers now know they are in unfamiliar legal territory which is no longer in their favour.

Will they adapt themselves? Criminals always come up with new methods to evade the arm of the law. But the new Constitution and its organic laws will try to catch up with them. The party list system and the requirement that elected MPs relinquish their House seats if appointed to the Cabinet will make those who like to spread money around think more than twice. The rule stating that votes be counted at a central area in each province instead of at individual polling booths will ease voters' fears and encourage them to cast their ballots for anyone who doesn't try to bribe them.

A new battle between good and evil has begun, marked by justice being partly done in the Buri Ram case.

EDITORIAL

# Here come the foreign banks

Citibank NA, the aggressive US bank, fired the first shot of a new banking war when it agreed in principle to assume a majority stake in First Bangkok City Bank, the country's seventh largest commercial bank. Other Thai banks are expected to follow suit in bringing foreign partners in to help fund the huge recapitalisations they need.

The Citibank move was propelled in part by the Bank of Thailand which has signalled that existing majority shareholders of banks, usually wealthy families, should not think of buying new subscribed shares.

The aim is to prod Thai banks to look for strategic partners who can supply the management and knowhow needed in the modern era and as part of the ongoing push for greater prudence and competitiveness in banking circles.

The Bank of Thailand agreed earlier, after tough bargaining, to allow foreign financial institutions to hold stakes of more than 50 per cent in Thai banks for a period of up to 10 years. It has also relaxed cross-shareholding regulations for financial institutions.

Thailand now has one of the most liberalised banking markets outside Hong Kong and Singapore – the two financial centres of Asia. Unfortunately, this has not been a voluntary well-designed liberalisation, but rather one forced on the country by the circum-

stances of the day. A lot has been said of the central bank's lax supervision of the country's financial institutions.

A set of measures announced last month to ensure prudent banking by recalculating the non-performance loans formula is still below international banking standards.

The authorities should seize upon the opportunity provided by the current bank crisis to further tighten the regulations and supervision at the earliest opportunity. The new government is also contemplating separating the supervision and examination tasks from the Bank of Thailand.

Thai banks must accept much of the blame for being catalysts for the present financial crisis. They have lent recklessly both to individuals and to business projects which were doomed to run into trouble. The banks went for high growth rather than quality growth – propelled in particular by the booming investment in bank stocks. Prudence was pushed aside in favour of speculation.

The wealthy families also wanted to buy into banks and finance companies in the good times for prestige and in order to help source easy funds for the businesses in their groups.

Interestingly enough, despite financial liberalisation which led to huge foreign inflows, the interest margins

of banks never really fell significantly over 10 years. So small and medium sized industries benefit from the liberalisation.

The questions about the entry of foreign institutions into the Thai economy have as much to do with the loss of financial sovereignty as anything else. Will the foreigners stick around in both good and bad times? Will they take advantage of Thai conditions by charging more for loans and imposing dire conditions? Will they plough back the money into the economy for sustained growth? Will the banks be pushed into oblivion?

All of these questions are worth pondering. It is worth getting a proper perspective on the same questions applied to the Thai banks and how they behaved in the past. It is true that foreign banks will have an advantage over the Thai banks; but this will benefit Thai borrowers if lower costs are passed on to them.

In the face of foreign competition Thai banks will be forced to do better – in terms of professional and non-discriminatory treatment – to win the confidence of Thai depositors and borrowers.

It is worth remembering that Citibank left Thailand at one time because of the political turbulence. But it was also among the first to return to Thailand with its sights on becoming a global bank.

EDITORIAL

# Exit the ox. Enter the tiger

According to Chinese astrology, the Year of the Tiger portends vitality, zest and vigour. Today, some 1.2 billion people in China and another 30 million in the Chinese diaspora bid goodbye to the ox and usher in the tiger as they celebrate the Lunar New Year.

However, the 1998 tiger does not appear to be what it promises. As the ox made its final exit, so has the bull run which has fuelled the Asian economic miracle. And analysts are predicting more pain and suffering before the regional economy picks up again. Indeed, the tiger may well turn out to be a pussycat.

While the Chinese wish everyone "Gong Xi Fa Chai" (a Happy and a Prosperous New Year), all indications show that it will not be a year they particularly look forward to.

Southeast Asia – the eye of the economic maelstrom – is home to most of the Chinese diaspora, where waves of migration over the centuries have produced vibrant Chinese communities beyond the Chinatowns of Malaysia, Singapore, Indonesia, the Philippines and Thailand.

These migrants, propelled by the incessant desire to seek a better life in their adopted homes, have done well economically. Not surprisingly, in much of Southeast Asia, the Chinese minority dominates commerce

and trade.

But in a region where there is still a great gulf of disparity between rich and poor, the Chinese economic dominance has become a lightning rod for social unrest. This is the reason why Southeast Asian Chinese have a much more pressing concern than their bottom lines as the regional economy plunged further into abyss – in times of strife and crisis, they are made the scapegoats.

The recent riots in Indonesia where shops belonging to Chinese merchants were burnt down are a painful reminder that anti-Chinese resentment still exists and remains a potentially explosive force in the archipelago. The same is true of Malaysia, Singapore and the Philippines, though to a lesser degree.

Thailand appears to be the only exception. The Chinese in this country are so well fused into Thai culture and its social mores that the country is virtually free from ethnic clashes that have bedeviled our neighbours.

Indeed, as the economic turmoil in Indonesia deepens, there is much for the Chinese minority to worry about. The country has a long history of anti-Chinese pogroms. In 1965 – the year of living dangerously – many Chinese were among the estimated one million massacred as Suharto rode to power in a bloody coup. This year, an embattled President Suharto banned

the celebration of Chinese New Year in hotels and other public places for fear of inciting riots.

Last month, Prime Minister Mahathir Mohamad argued that the strong bonds between the different ethnic communities in Malaysia will be able to withstand the economic slowdown. But the government will be hard pressed to put a lid on ethnic unrest in a country in which politics is very much organised along ethnic lines. In this tinderbox, politicians do not think twice about fanning racial and religious sentiments to divert the people from their economic woes.

Interestingly, Muslims will celebrate their end of the Muslim fasting month of Ramadan this year on the day after Chinese New Year. And for Malaysia – a Muslim-majority nation with a large Chinese minority – the occasion represents a double celebration. Whether this will translate into a better rapport between the two communities is yet to be seen.

But what is clear, however, is that in this year of the tiger, Southeast Asian governments may well discover that the decade-long economic growth which has enriched a handful of elites – the cronies of the powers-that-be and their Chinese compradors – will now come home to roost. How they are going to meet this challenge will no doubt shape the political landscape of this region into the next century.

EDITORIAL

## Ties improved at 'no-tie summit'

Since World War II, ties between Russia and Japan have been the weakest among the major powers in the world. But the weekend meeting between Russian President Boris Yeltsin and Japanese Prime Minister Ryutaro Hashimoto in Krasnoyarsk, Siberia, has helped tighten this weak link.

The so-called "no-tie summit" went without the pomp and fanfare which accompanied the Washington summit between US President Bill Clinton and Chinese President Jiang Jemin. But its outcome is no less significant. The meeting has, no doubt, laid a strong foundation for the expansion of economic, political and security cooperation between Russia and Japan.

One of the most important results was an agreement to iron out a peace treaty by the year 2000. This is the first time that the two countries have given any specific time-frame for the treaty, which is crucial to ensure stability in the volatile North-east Asian region.

The treaty, based on the Tokyo declaration of 1983 which committed the former enemies to work out a peace treaty, leaves both sides with another three years to meet the declaration's objective.

Although the issue of the return of the Kurile Islands - occupied by the Russians during the dying stages of

World War II - did not progress at the summit, future discussion on the issue is expected to proceed faster than before as the two leaders have, for the first time, felt more at ease with one another.

At this "no-tie summit" both leaders referred to each other by their first names - Boris and Ryu. It appears that they have struck the right chord. They also agreed to set up a hotline, which indicates that they are eager

At this 'no-tie summit' both leaders referred to each other by their first names - Boris and Ryu. It appears that they have struck the right chord. They also agreed to set up a hotline, which indicates that they are eager to communicate with one another on major issues.

to communicate with one another on major issues.

Politics aside, Japan has also agreed to assist Russia's current economic reform and increase investment. This will be helpful to the development of resource-rich Siberia, whose development has been stalled because of the lack of much-needed Japanese capital and technology.

The summit will further encourage Japanese businessmen and companies to invest in Russia, something which they have been reluctant to do because of

the chill in ties. From a broader strategic viewpoint, improvement of ties between Russia and Japan is vital to balance the increased influence of China in the Asia-Pacific region.

Although the overall relations of both Russia and Japan with China have strengthened, both have yet to match China's growing clout in the region, especially in Beijing's ties with the Association of South East Asian Nations.

The two countries agreed to play a more active role and contribute to the stability of the Korean Peninsula. As countries with geographical proximity to the two Koreas, future cooperation and assistance can play an important role.

Japan has expressed strong support for Russia's membership in the World Trade Organization and the Asia Pacific Economic Cooperation forum. For Moscow's integration with the global economy, these memberships are imperative if the on-going economic reform is to take a firmer root.

For this summit, it can be said that both Yeltsin and Hashimoto are ready to work closer together on issues that confront them in the future. Russia and Japan must each other. And so do the two embattled leaders who must success in foreign policy to boost their political standing at home.

THE NATION

EDITORIAL

## Can the NAP reinvent itself?

The fate of a democratic nation generally depends on how its leaders adapt to the social stresses and pressures of this participatory form of government. Young leaders such as Tony Blair of Britain and Bill Clinton of the United States have been successful because of the energy and ideas with which they dominate their political parties, supporters, voters and their countries.

One of the positive points to have emerged among Thai political leaders is how they are prepared to adapt and change. (Of course, not without initial resistance and usually after great cost to the nation. Two former prime ministers – Banharn Silapachartthakul and Chavalit Yongchaiyudh – are telling examples of this).

After a great deal of chaos and mismanagement, Banharn's Chat Thai Party has downsized and rid itself of its notorious members. The party has returned to be part of this new government, taking charge of the education and agriculture ministries. The next rebuilding phase for the Chat Thai Party is making its MPs see the world in a new light and for its ministers to join in the modernisation of Thailand.

Chavalit – a former army commander – did the best thing for his party and therefore the country, which

is run under a party political system, by bravely declaring that he would relinquish the leadership of the New Aspiration Party at a meeting on Dec 20.

Both he and secretary-general Snob Tienthong will take only advisory roles in the new revamped NAP. Like Banharn, Chavalit has foundered at a time of economic crisis. This was partly due to the inability of the NAP to come to his aide. Many of the party MPs, while popular in their constituencies, have little administrative experience at the national level and

Finding a new leader is not as important as individual party members working together to reshape the party so that it can fulfil its role in the opposition and in government.

are not worldly enough to mobilise experts to help out. The restructuring of the NAP is good news for Thailand, if its leaders and members are sincere. The new Constitution features a party list system which will be useful in helping the NAP attract qualified outsiders to join the party. They will come over if the MPs can boost the party's image and credibility at the national level, help to eliminate vote-buying, move away from patronage politics, exercise common sense and act in the national interest between now and the next election.

The NAP clearly needs more qualified MPs and non-MP members. There is really no short cut in building up a strong party that can administer Thailand in this transitional age. The reinvention of the party will be a strenuous affair that will require the active participation of its members. It is no exaggeration to say there has been too much top-down leadership within the party to the point that some of the qualified younger generation MPs are excluded from playing an active role.

The NAP must promote in-house democracy rather than always relying on orders from its leaders. Its members must keep abreast of public discourses by hearing the views of experts and different groups in society. The party must also eliminate the tendency to believe that urbanists or some groups in society are its enemies.

Of course, the question of who replaces Chavalit as leader of the NAP is important. But it is not as important as individual party members working together to reshape the party so that it can fulfil its role in the opposition and in government. This is no easy challenge, but the only way to go. The NAP's success will be translated into the country's progress. But as we have all witnessed, its failure will equally harm the state.

EDITORIAL

# Now Chuan is premier, here's our wish list

Will he dare put his foot down when a minister from another political party does not measure up to his responsibilities? Can he coordinate government policies better than when he served his first stint as prime minister? Does he have the courage to make fast and tough decisions?

These are the questions being asked by the public as they welcomed a new government under Democrat leader Chuan Leekpai who has pledged to tackle the economic and financial crisis head on.

Chuan was asked in an interview a year ago whether he would be able to work at a more inspiring pace if he was to return as prime minister. His answer was uninspiring, to say the least. He was a cautious man, he said, and he had his own style.

But the world has changed significantly since he was premier from 1992 to 1995. Even then, policy recommendations submitted by his ministers took an unusually long time before they received a response. Moreover, Chuan fought shy of intervening in the work of the Palang Dharma Party when they made a mess of Bangkok's traffic management.

If policy consolidation was badly needed then, it is a prerequisite now. Otherwise, Thailand will find it even harder to emerge from the severe economic crisis and the social repercussions that will surely follow. It cannot be stressed enough that the new Cabinet must

work as one, and only the prime minister has the power and clout to mould his ministers into an efficient working team.

Chuan has to do more. It is no use only relying on the skills and capabilities of Democrat heavyweights such as Supachai Panichpakdi and Tarrin Nimmanahaeminda.

It is also crucial that Chuan acts boldly in the management of the government amid the decline in the capability, and even responsibility and morality, of the Thai bureaucracy. The politicians must seize the initiative to govern.

During his previous tenure as premier, Chuan's back-up office at Government House was staffed by a handful of academics. The task ahead for the new premier demands him to have a more dynamic and able support team. This team can no longer limit its work to screening policy recommendations from various ministries, but must have the clout to follow up on Cabinet decisions and ensure unity and harmony in government policies.

Chuan will need something close to the advisory team modelled along Baan Phitsanulok of former prime minister Chatichai Choonhavan (minus its independent lobbying role) where staff were sent to coordinate with each ministry to ensure coherent policies. Chuan could deploy some of the younger Democrat members for this purpose or he could merge his advisory team with

Supachai's. A strong and vibrant support team help the new premier move at a faster pace.

But for all Chuan's weaknesses, we have no qualms about him making tough decisions. Some people may still remember how he backed Tarrin all the way when the former finance minister decided to go ahead and bring charges against stockmarket manipulators. He proved that his government was willing to face both economic and political onslaught from powerful business people. Thus, we hope that Chuan will summon enough courage to shut down some of the financial institutions when the decision has to be made.

We also hope that he will have the courage to intervene in the work of some ministers to ensure that they act with honesty, transparency and accountability. The difficulties of having an eight-party coalition government are well recognised. Nevertheless, this should not be an excuse for avoiding what needs to be done. Chuan must exert his authority in his Cabinet. After all, he is the country's chief executive.

Thailand is facing an abnormal time. We are at a juncture when the government bureaucracy is at its weakest and unable to contribute to dealing with the economic crisis. Thus the new prime minister must take a hard-line approach in running the country.

If ever there was a time when Thailand badly needed leadership, now is the time. That hope rests on Chuan

EDITORIAL

## Chavalit's resignation comes too late

**T**he long awaited resignation of Prime Minister Chavalit Yongchaiyudh clearly mirrored the huge epiphany of several months ago: Chavalit is a senseless and selfish leader, who did not take into consideration national interests or the nation's prevailing sentiment. Only his own thoughts and desires counted. In announcing his resignation on Monday, Chavalit ensured eager reporters that he did so of his own free will and that nobody had pressured him.

Everyone knows that the public, the business community, even his political colleagues, have urged the man to step down for the sake of the country and to restore people's confidence in their leader.

Was it a lack of dignity or sign of courage that this leader finally responded positively to the genuine feeling of the people and *vox populi*? Sad but true, Chavalit thought it was the former. In civilised countries, leaders usually heed the public's call and sentiment in a dignified way. For them, it is the people's confidence in the government that is their only mandate and source of legitimacy.

After his 11 months in power – during which Thais have witnessed the worst year of the country's economic growth and well-being – Chavalit only remained concerned and obsessed with himself. To the last minute he believed that he could do no wrong. Certainly, to

many anxious Thais, the business community and foreign investors, his resignation was a godsend and should bring sighs of relief, if not shouts of joy, to this embattled nation.

However, his decision to quit has come too late to bring him any congratulations or praise because the country is now in ruins – almost beyond the point of repair. If he had quit earlier, say, three months ago, he would have been hailed as a hero – the leader who dared to sacrifice his position for the good of his people and country.

As it stands, we have no sympathy for him. Even before his resignation, his fate was sealed when the baht broke the psychological barrier of Bt40 per US dollar last week. In this age of increased economic interdependence, the ability and quality of a leader is often judged by the strength of his country's currency. Against this background, Chavalit had already forfeited his leadership.

Before the baht "bottomed out", he revoked the government's decision to increase a tax on oil three days after its implementation. Not long after that he almost stepped toward an apocalyptic path when he made an unsuccessful attempt to declare a state of emergency that could have endangered the country's stability and tranquility.

His erratic behaviour and ineffective governance

has already depleted the country's coffers, national image and standing has reached its

Worst of all, he has given democracy a bad name. Those who are on the opposite side of democracy have been citing Thailand as an example of a failure – one which cannot manage its country because of a lack of strong and stable leadership. Democracy is built on a foundation of respectability and accountability. A society built on a foundation of respectability and accountability is backed by the majority of the population and cannot be brought to its knees.

To be fair, there is an iota of positive credit to his action. His departure allows the search for a new leader, one who will serve as prime minister before general election next year.

Chavalit has even pledged that before he goes down, he will see to it that the six emergency restructuring decrees and three elections are passed through Parliament.

It would be ideal if the coalition partners would nominate a non-partisan leader who can stabilize the battered Thai economy and prepare the country for an election with fresh-faced Cabinet members. A calm period, free from any political interference, would go a long way in healing the deep wounds inflicted by Chavalit and his team.



EDITORIAL

# Buckle your seatbelts for another political ride

**W**hen a second international airport for Bangkok was first proposed in the mid-1960s, the DC-3, a twin-engined propeller driven plane that seats less than 100 people, was still the mainstay of some airlines, air travel was predominantly for the rich and mass tourism had yet to discover Thailand.

Within the next 10 years, Thailand expects to be welcoming 20 million visitors a year, nearly all of whom will arrive by air.

And if things continue as they have been for the last three decades, these foreign guests – and another 25 million local travellers – will still have to use the ageing, crowded facilities of Don Muang Airport.

The second airport came close to getting the green light for full-speed-ahead implementation earlier this year, before once again becoming bogged down amid accusations of kickbacks, government waste and flawed development planning.

In a compromise solution that satisfied no one, the Chavalit government decided to put the project on the back burner and in its place spend Bt12 billion to upgrade and expand the capacity of Don Muang.

With a preliminary budget of Bt97 billion, the Second Bangkok International Airport (SBIA) was never going to lay dormant for long, though.

And sure enough, the dust had barely settled from the scramble for Cabinet seats in the new Chuan government when Communications and Transport Minister Suthep Thaugsuban announced the mega project was back on the front burner.

Suthep vowed the second airport would be complete by 2003, would feature two runways instead of one as envisioned in the Chavalit plan, and would be built in a transparent and efficient manner.

There is little argument about the need for a second

**Suthep has much to do to prove that it is the country's interests he has closest at heart in his vigorous push for the revival of the airport plan.**

airport and to have it up and running soon. Government planners, international airlines and professional consultants all agree on the need for a new facility and that Nong Ngu Hao is the best site.

The Chavalit plan for an expanded facility at Don Muang was never going to fly given the physical constraints of the area, the impact on infrastructure projects in the city and Thailand's reputation within commercial aviation circles. The downsizing of the Nong Ngu Hao project would also have had an adverse ef-

fect on other development schemes planned for the Eastern Seaboard.

Suthep, however, has much to do to prove that it is the country's interests he has closest at heart in his vigorous push for the revival of the airport plan. He has yet to shake the stigma of his central role in the Phuket land scandal which brought down the Democrats in 1995. In only his first week back in office he has already been accused of taking a pleasure junket to Phuket with five models and representatives of telecom giant United Communication Plc (Ucom).

The traditional politicians' pledges of working for the national interest are worth little in the current climate. Thai citizens and the international financial community are in no mood for more "buffet cabinet" politics. They certainly don't want to see a repeat of the "golden sand scandal" whereby Italian-Thai Development won a tender to supply filler for the Nong Ngu project with a bid of Bt7 billion. According to some estimates, that was 10 times the market price.

Scrapping the Italian-Thai deal would be a good start for Suthep. Privatising many of the airport's operations would also help save costs.

Suthep could revive his reputation with successful oversight of the Nong Ngu Hao project or he could confirm the suspicion that he is one of the old breed.

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## FRA Deserves Praise For Decisive Action

**T**he Financial Restructuring Authority (FRA) deserves high praise for acting decisively to shutdown 56 of the 58 suspended financial companies. The investment world needed a clear and strong signal that the country's financial authorities have the will and the courage to do what is right, and the FRA's decisions which were announced yesterday put out a powerful message that the FRA makes decisions objectively and without political interference.

In this regard, the government is also to be commended for letting the professionals at the FRA perform their duties independently.

Now comes the hard part. Implementing the Good Bank/Bad Bank system by separating good assets from bad assets makes complete sense in principle, but putting the concept into practice in our country's unique business setting under current conditions will be very difficult to do as long as economic conditions remain stagnant or continue to deteriorate.

The minister of finance said that it will take about 8 weeks just to determine the good and bad assets. A lot can happen from now till the middle of February. This much is certain: conditions of the assets will be in a constant state of flux, and the longer it takes for the economy to recover, the more the bad assets portion will rise. The amount of bad debts of the 58 finance firms is conservatively estimated at about 665 billion baht.

Once the assets are separated, the bad assets will be particularly difficult to manage. Selling them off is one way, but this approach runs the risk of having to accept very high discounts; and industry analysts are fearful that this may in turn depress the value of the good assets, causing them to turn bad.

Most of the funds to purchase the bad assets will have to come from abroad because of the shortage of domestic capital. It is safe to assume that foreign investors are looking for more positive signs before committing substantial funds, and the wait-and-see attitude will particularly apply to investments in the battered financial sector.

Having made a good first step, the FRA should now go on the offensive and implement other financial restructuring measures without delay. What the agency did yesterday was to clean up a long-standing problem, so from today on it should build for the future. This means making a strong push for transparency in the entire financial sector. While the lines separating certain duties and responsibilities of the FRA and the Bank of Thailand (BOT) are not clear, it is important that both agencies join hands in making a major push for transparency and integrity in financial reporting. Much has already been said on this issue, and the time has come for strong measures to be enacted. Investor confidence will return when they have reasons to believe a new chapter has truly begun, and that transparency is the centerpiece of economic and financial management.

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Summary Statement

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## Eighth Plan Needs A Whole New Look

THE Eighth Economic and Social Development Plan which is currently in effect should be completely revised because the economic crisis has made most of the assumptions on which the plan is based invalid.

Considerable efforts were put into developing the plan, and it is without doubt the best one by far. The National Economic and Social Development Board (NESDB) took great pains to obtain inputs from a wide cross section of the population. Seminars, surveys and interviews were held. There was feedback at various stages of the plan's design and development, and the end result is a document which sets the right social and economic priorities by giving human resources development the highest emphasis.

The plan did not anticipate the severe downturn in the economy, nor did it factor in the baht devaluation, the collapse of the property market, the crisis in the financial sector and rapidly rising unemployment.

There was no "worst-case scenario", and no contingency plan was developed to address depressed economic conditions which are likely to prevail for several years.

In fact, the Eighth Plan assumes that the economy would continue to expand, though at a lower rate, and that demand for skilled labor would continue to rise. The emphasis on human resources development reflects the planners' assumption that there would be shortages in labor supply in many key areas.

The government should take the plan seriously and use it as a guideline for spending on education, infrastructure development and social programs. The current economic crisis has forced monetary and fiscal authorities into a defensive stance rather than a pro-active one, and they are kept very busy putting out daily fires.

NESDB representatives sit on various government committees, but they do not have the clout to influence policies and have little say in the final decisions on budget cuts and taxes.

NESDB should claim its rightful role as the only agency with a long-term vision of social and economic issues, and this can be done by making the plan reflect present realities and giving it a compelling set of goals and objectives that the public will support.

Revising the plan does not mean starting over. The plan's goals and objectives on education are sound, and long-term benefits will accrue if the measures required to achieve the objectives are implemented.

A key area to revise is the balance between industrial, agricultural and service sector development. It is clear that the rush to industrialize has to be moderated. Increasing agriculture's share of domestic output is necessary, but how this is to be done is a matter for the planners to study and analyze.

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Striking Statement

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## Looking for Ways to Increase Intra-ASEAN Trade

The informal meeting of the leaders of the Association of South-east Asian Nations (ASEAN) ended this week with a call for the world's major economies to take a more active role in helping to solve the economic crisis.

The ASEAN leaders also agreed on a speedy implementation of an emergency economic stabilization plan which was drafted last month in Manila. In addition, there was an agreement in principle to increase trade among ASEAN member nations.

Overall, the meeting accomplished little of real substance. Calling for the major economies to help does no harm, but it will take a lot more than a vaguely worded statement to convince the United States and western European nations that it is their responsibility to provide the new financial life-lines to the wounded "tiger economies."

In any case, it is not at all likely that additional help will come, except through the already established channels of the International Monetary Fund (IMF) and the World Bank. As long as the values of products and assets in Asian economies continue to collapse, western nations have far more to gain than to lose by standing on the sidelines and enjoying the sale of the century as regional currencies sink to new record lows almost daily.

The agreement to speed up the implementation of a regional economic stabilization plan has no real substance to it because most ASEAN members can't even help themselves and do not have the financial means to contribute to regional stability. There was also an agreement to proceed with regional liberalization, but a closer look reveals that the concessions made by each country amounted to almost nothing at all.

The proposal to increase intra-ASEAN trade is the most interesting one to come out of the meeting. Even before financial crises hit the region, intra-ASEAN trade was rising more rapidly among the member nations that trades with the US and western Europe. The proposal is sound, but implementing it at a time when buying more from abroad is about the last thing any country needs is going to take considerable resourcefulness and commitment.

The commitment to increase intra-ASEAN trade can be shown by allowing market forces to operate more freely within ASEAN. This means that the trade liberalization timetable under the ASEAN Free Trade Area (AFTA) accord should be accelerated as much as possible. Taken as a regional economic unit, the ASEAN economies constitute a formidable market with great potential for growth. Protectionism in various shapes and forms stands in the way of trade expansion, and it would be far more beneficial in the short run to dismantle obstacles to free trade among ASEAN members than to open the floodgates for competitive forces from more advanced economies to come in.

Help from the major economies of the world will come at a high price, but self-help and cooperation among ASEAN economies will create long lasting benefit at far lower financial and political costs.

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## A Win-Win Situation For Foreign Lenders

**T**he most immediate concern for the financial sector is the need to rollover the substantial amount of short-term foreign debts — estimated at about \$35 billion. Uncertainties over the size of foreign loans that would have to be repaid in hard currencies hangs over the economy like a death threat and is creating enormous investor anxieties.

If foreign lenders insisted on substantial repayments in hard currencies over the next few weeks and months, a doomsday scenario will unfold. The country simply does not have sufficient foreign reserves to cover the loans. If there is not enough rollover, reserves would be severely drained, pushing the baht into a freefall. In such a case, the only response the government could make would be to impose a debt repayment moratorium, and such drastic action would in turn set off a chain of other very serious scenarios, both economic and financial, domestic and international. There would be no winners in such scenarios, only big losers.

Foreign banks should therefore make a strong commitment to cooperate in efforts to achieve economic recovery, and the best way to do this is to announce, individually and collectively, that they are committed to extending or restructuring short-term loans.

Japanese creditors have already indicated that loans made to Japanese ventures in Thailand would be extended. If other foreign creditors were to do likewise, the change in the mood of the markets would be like a sudden switch from night into day. The baht would stabilize, and the spectre of a loan payment moratorium would no longer hang over the economy. Optimism would return, and the government would have the breathing space it desperately needs to get the economy back on track.

Foreign lenders have been partners to economic progress for the past decade, and they have reaped considerable benefits while the going was good. Now that things have turned for the worse, creditors should not lose their partnership spirit — a long-term vision is required, for when the recovery comes, the economy will be in a much stronger position than it ever was before.

Aside from rolling over the loans, foreign creditors should consider a debt-for-equity swap. Such a viable alternative would be a commitment to the long-term, and the best time to make equity holding decisions is now, not when asset values rebound.

The opportunities to acquire assets which offer excellent potential for generating attractive returns in the long-run are rare. Given the relatively low costs of many of these assets, the downside risks are well within acceptable boundaries, particularly when foreign creditors and investors take the devalued baht into consideration.

No matter what strategy lenders ultimately choose to adopt to help Thailand in this time of great crisis, foreign lenders must act now, for the fuse is already burning up the side of the power keg.

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Quotation

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## Tell Us This is Our 'Finest Hour'

The message we often hear today is that the Government must restore confidence by taking appropriate measures to turn the economy around. It is fair to suggest, however, that confidence is a prerequisite to economic recovery rather than its by-product. If the people and their leaders do not have confidence to begin with no amount of economic measures will succeed because there is neither the will nor the courage to do whatever is necessary to execute them properly.

As the top political leader of a nation in deep economic crisis, Prime Minister Thuan Leekpai's most important challenge is to bring out the courage and confidence in the people. To do this, he must be an irrepressible cheerleader as well as a compelling source of inspiration.

The Thai words *kamlang jai* translate literally to "power of the heart," and it is precisely this power which is almost completely run down at the moment of widespread discouragement and despair.

All we ever hear from day-to-day from our business and political leaders is how very bad things are, and how much worse they will get before the economy hits bottom. While this may be true, all the whining and pessimism won't rekindle in the people the courage to believe in themselves again and to face their fears with confidence and determination.

When the United States was in the depth of the Great Depression in the early 1930's, President Franklin D. Roosevelt came into office at what appeared then to be the darkest moment in the nation's economic history.

Unemployment exceeded 25 percent on a nation-wide basis and was much higher in major cities. Food lines were a common sight. Vast industrial sectors were virtually shut down, financial institutions were bankrupt and even the agricultural sector was devastated. The people were in despair.

Roosevelt knew intuitively what he had to do as a leader of a nation in crisis. He did not say to the American people how bad things were and how much worse they would be. Nor did he make wishful statements about how fundamentally strong the economy was. Instead, Roosevelt said these immortal words in a speech to the American people: "The only thing we have to fear is fear itself."

It was a stirring call for courage.

Another example of how a great leader behaves when things seem hopeless is when Winston Churchill rose to the occasion and delivered his famous "We shall fight them... We shall never surrender" speech at a time when much of London was on fire from daily bombardment by the Nazi war machine. Churchill titled one of the books he later wrote about the darkest moment, "Our Finest Hour".

The present economic crisis in our country is not nearly as severe as the problems the US and Great Britain faced, and we the people certainly have within us the courage, strength and resourcefulness to succeed. All we need now is for our own leaders to tell us so.

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## Thais-Help-Thais Shows the Right Spirit

The "Thais-Help-Thais" campaign was in full swing yesterday with a big parade, festivities and impressive efforts by thousands of people to show support for the country by donating or exchanging foreign currencies in their possession.

The Army deserves a big hand and the gratitude of the nation for organizing the successful public events yesterday. Credit for the on-going national campaign goes to organizing committee headed by Khunying Supatra Masdit, Minister to the Prime Minister's Office, who is leading the movement in her capacity as the Thais-Help-Thais national campaign coordinator.

Khunying Supatra is highly respected for her integrity, public service and leadership skills. She is an exceptional and exemplary role-model for future generations of Thai leaders.

Khunying Supatra said yesterday: "What I have seen today proves that the Thai people have the unity and cooperative spirit to solve the country's difficulties... The difficulties are not keeping us apart. I am confident that the Thais-Help-Thais sell-dollar buy-baht campaign will help solve the problems."

The Thai term *kamlang jai* translates literally to "power of the heart", and in essence the Thais-Helps-Thais campaign is about generating "heart power" to help overcome the present economic and financial crisis.

The strong show of unity and support for the benefit of the country, and the spirit of giving and sacrifice which came with it, are exactly what the nation needs to get back on the road to recovery.

The amount of foreign exchange collected during yesterday's events may be just a drop in the bucket in financial terms, but a powerful and priceless message has been put out that the people have the determination and the courage to come together and work for the good of the whole country.

The Thais-Help-Thais campaign will gain momentum in the days ahead. Plans are to organize many programs and activities throughout the nation.

There is also a call for people to donate gold and jewelry to the campaign, and radio and television stations are actively helping to broadcast the call for Thais everywhere to join in the efforts to help the country.

It is also worthy of note that the media has been giving the present government a great deal of direct and indirect support, or at least the benefit of the doubt.

Despite the fact that the baht has tumbled badly since the government took office, there has not been the usual daily barrage of personal attacks on leading government officials and caustic criticisms of policies as was the case in prior governments.

Professional restraint and fair treatment by the local press – a rarity even during times of economic prosperity – is a reassuring sign that the Thais-Help-Thais spirit is spreading to the media. At the end of the day, we should all realize that we only have each other to depend on.

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## Alcohol-Driven Riot Not the Answer

**T**here was no valid excuse for the employees of the Summit Autoparts Company to riot and cause injuries to police officers and property damage.

The ugly truth is that the worst of the rioters were wildly drunk, and their disgraceful and destructive actions have damaged the reputation of the country at a time when the world is watching us very closely to see if we are handling our economic crisis with dignity, courage and determination.

At a time when the number of unemployed in the country is quickly approaching 2 million and more layoffs are happening by the thousands everyday, about a thousand employees of Summit Autoparts, led by their drunken co-workers, turned a labor action into a full-scale riot because they were not happy with getting a yearly bonus of a month's salary.

Instead of rioting, the workers should thank their lucky stars that they have any job at all under the present economic condition.

More than 50 rioting workers were arrested, and now their personal losses will amount to far more than the additional bonus of a month or two that they sought to obtain.

The nation also loses, not only from the damage to its reputation, but also because the violent labor action by the employees of Summit Autoparts may trigger other labor disturbances of the same severity.

In addition to causing serious property destruction, the workers brought traffic to a standstill for hours on congested Bangna-Trad highway. Reports said some rioters extorted money from drivers to let the cars through.

Fueled by alcohol, the rioters hurled stones, molotov cocktails and bottles at the officers and factory compound.

The riot lasted for several hours until it was finally brought to an end by angry motorists and riot police who pushed their way through the crowd of protesters.

The citizens action was the key factor in ending the riot.

We remember well that in late 1996 a big factory owned by Japanese electronics giant Sanyo was burned down by angry workers over a salary dispute.

Clearly, millions of workers and unemployed people need help, and the labor action at Summit Motorparts may in some ways be seen as the tip of a very large iceberg of tension and discontent.

The government's role is to ensure that fairness rules and that employers don't use the economic crisis as an excuse to arbitrarily cut labor costs without proper justification. It is also the government's job to stretch a wide safety net for those who are unemployed not only to help the individuals, but also to prevent social unrest from growing and spreading.

It is important to put out a clear message that the use of violence is not the answer and will not be condoned. Whenever and wherever violence is used as a means towards an end, the responsible people must be made to pay a high price.



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## A Golden Opportunity To Help the Country

The call for Thais to donate gold as a gesture of support to the country deserves to be answered in a spirit of national pride and unity. The symbolic meaning of this aspect of the Thai Help Thais program is highly significant, and the army is to be commended for launching the gold collection effort.

Many Thais have already shown their enthusiastic support for the program. Even before the official start over the weekend, a large number of people turned up to make donations. The campaign will go on until the first week in February.

The Gold Traders Association has also made a strong pledge of support. Association President Chitti Tangsithipakdi said recently he expected the total amount collected to be large, and the members of his association will make significant contributions to the campaign.

South Korea recently launched a gold contribution campaign that has been highly successful in the sense of fostering a spirit of national unity. The effort is also noteworthy in monetary terms, for over 100 tons of the precious metal has been collected so far and much more is expected.

Collecting gold jewelry and gold bars has been a centuries old tradition in Thailand. While is no accurate estimate on the total amount of gold in private hands, the quantity is undoubtedly very substantial considering the fact that virtually every family in this nation of over 62 million people sees owning gold as a normal activity. And at a time when paper money is printed in huge quantities to subsidize teetering and technically bankrupt financial institutions, owning gold has become an essential way of hedging against a fully of reckless and irresponsible economic policies.

The wealthy people – powerful business leaders, politicians and their spouses – who possess and control most of the country's wealth – undoubtedly have in their possession such great quantities of gold, silver, diamond and precious stones that contributing even a very small portion of their hoards to the country would constitute a very significant contribution to the nation in the present economic crisis.

The rich and powerful should lead the way in this campaign by setting an example of generosity and sacrifice, and in so doing, they should not forget that while the economy was growing by leaps and bounds, they were the main beneficiaries of the era of rapid growth. The time has come for them to return a little of their enormous gains to the country.

There are other ways to demonstrate national unity and to make a genuine contribution. The domestic pool of savings needs to be increased, and those who are fortunate to have jobs and earnings during this time of economic crisis must make every effort to cut down wasteful spending and save. In addition, labor productivity must also rise, and this means working harder and smarter. The gold collection campaign will end in just a few days, but the efforts to revive the economy is never-ending and must be based on individual efforts.

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## Banthoon Deplores Lack of Quality

**T**hai Farmers Bank President Banthoon Lamsain has long been known as a no-nonsense straight shooter who doesn't mince words when the hard truth needs to be told.

We find Banthoon's directness and honesty refreshing and thought provoking, and even though his sweeping generalization on the lack of quality consciousness in Thai culture is overstated and exaggerated for dramatic effect, he is shining light on a serious issue that needs to be confronted.

We present below excerpts from a recent speech which Banthoon delivered in characteristic style: he throws a straight punch, shakes us up and gives a playful wink.

"The economic collapse occurred because all circles, in Thai society handle matters without concern for quality. The word "quality" is almost never to be found in all circles of Thai life. From the time when we get up in the morning and look around, we find nothing that is up to world standards."

"One thing that we have to admit is that our products are unsaleable because they are not up to standard. The truth is that in a free market no sympathy is shown to people who don't deliver quality. Therefore, all Thais in all circles of society must reconsider the quality aspects of their work. This is hard to do.

"I wish to present an observation that the ability to do things with quality is inconsistent with Thai culture because it is a culture based on making connections and lobbying for personal gains. Why are things done this way? Using connections is done in order to make low quality acceptable.

"Whisper to the finance minister and ask him if there have been people who went to see him at home or called him since he took office to ask that certain suspended financial institutions be reopened. This is the way things are done everywhere because when you want to do things with quality, you are a troublemaker to others.

"The new government is to be admired for its courage in taking over the care of a critically ill patient. Returning the economy back to prosperity when it is drowning is like trying to climb Mount Poukradueng. It's very hard to do.

"We are not talking at this time about climbing to the top of Poukradueng, for even trying to reach the lower levels is practically killing us. In fact, we haven't even reached the lower levels yet, and we will find out if we can get there in December. The problems include whether the financial reform measures will please our lords and masters, whether [the International Monetary Fund] will release the second tranche of credit and if foreign loans will be rolled over.

"At this time those who are carrying the burden of solving the country's problems have to spend almost all of their time reaching the lower levels. The finance minister looks like he hasn't slept for seven days. He faces so much pressure in a day he has to smoke many expensive foreign cigars."

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## What to Do When Markets Are Sentiment Driven

Most Asian markets are driven by investor sentiment which is jittery at best. Under present conditions, negative news is often amplified in the minds of investors out of proportion to the actual severity, and any destabilizing move on the part of officials can have serious repercussions throughout the region.

The skittish markets will hopefully be relatively calm in the next two weeks as the world gets in a holiday mood and turns its attention to New Year celebrations. However, the authorities should press ahead on all fronts with efforts to achieve stability and restore confidence.

Thailand is making steady progress despite the urgent matter of persuading foreign lenders to roll over debts or restructure them. Finance Minister Tarrin Niimmanahaeminda's latest trip to Japan is a success compared to other trips by top Thai officials over the past six months. He did not return home empty handed, and while in Japan he was able to put a clear and convincing message across to the lenders on the necessity for them to cooperate in converting dollar loans into yen and rolling the loans over.

On the home front, the baht did not breach the 50 baht per dollar mark as some doomsday analysts predicted. In fact, the currency has strengthened appreciably since it hit 49 to the dollar. In a sentiment-driven market, every little bit of improvement helps.

Progress is also evidently being made in auditing the accounts of the closed down finance companies for the purpose of separating good debts from bad debts. In this regard, the authorities can give market sentiment a tremendous boost in the positive direction if they would get the job done earlier than announced. The reason is simple: every hour that goes by means good assets are turning bad. The rumor networks are working overtime on the amount of bad debts, and if the auditors take until February to get the job done as they had announced, the negative rumors will undoubtedly grow in scope and intensity. Even after the auditing is done, more time will be needed for get the "Good Bank" into full operation, and no one knows how much of the "good assets" it will have will turn bad.

Sentiment can also be improved if the results of the "good assets" bad "assets" audits were released incrementally, and if a running tally is presented to the public on a weekly basis or as soon as there is a significant amount of information to be put out. Such a move would be interpreted by markets in a positive light even if the figures lean heavily on the side of bad assets.

Good sentiment will also come from seeing actions taken to promote exports. The authorities would do well to present weekly updates on export performance, including new orders, sales, financing provided to exporters and earnings in major currencies.

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## Addiction to Foreign Loans Must Be Broken

Hopefully, someone is keeping a tab on all the foreign obligations the government has taken in the past year. A partial list of foreign debts and potential foreign obligations the government has recently accumulated includes \$2.2 billion from the World Bank and Asian Development Bank, a \$17.2 billion line of credit under the terms of the IMF rescue package, and a \$500 million Yankee bond issue. In addition, other foreign loans are being sought, including perhaps another \$200 million from the World Bank and Asian Development Bank.

The Bank of Thailand's failed defense measure for the baht will cost the country at least \$23 billion in foreign reserves over the next 10 months. So a reasonable question to ask is: Where will all the money — and the foreign exchange — come from to pay for these public sector foreign obligations? The time period for repaying these newly acquired public sector foreign debts is only 3 to 7 years, and the economy isn't expected to recover sufficiently to generate government revenue to pay off these debts for several years to come.

Borrowing far too much and using the loan proceeds unproductively have brought about the nation's present economic crisis. That mistake was committed by the private sector, but now the government has taken over, and it has become a borrower with an insatiable appetite for foreign money.

The level of public sector foreign debts between 1992-1995 never exceeded \$530 million, but now it seems that the sky is the limit. The main strategy for solving the economic crisis seems to be for the government to borrow as much as possible from abroad rather than to economize and use internal resources more efficiently.

Claims have been made that substantial cuts were made in the 1997-1998 fiscal budget, but they were cuts only in the sense that the budget was set at an artificially high (and record) trillion baht to begin with. And the so-called cuts have reduced the budget to 805 billion baht, only some five percent lower than the previous year's budget but almost double the budget of six years ago. Clearly, there is plenty of room for more real cuts.

Similarly, no harsh or direct measures have been put forward to curb wasteful and unnecessary spending in the private sector. The economic collapse has served to reduce private spending across the board, but there is a need for far more assertive and targeted attacks against inefficiency and waste in private finance resources.

Time will tell if obtaining more foreign loans is the cure for our ills or the feeding of a hard-to-cure addiction to foreign money. One thing is certain however: We will never get ourselves out of our situation unless there is a fundamental change in attitudes and behaviors on matters of fiscal responsibility and prudence. The addiction is real; we must turn around and deal with it.

Bangkok Post

Straight Away Summary

♦ Bangkok Post ♦

## Bhichit's patience comes to an end

*Bangkok Governor Bhichit Rattakul has decided enough is enough and he is not going to take it any more. He has told construction giant Italian-Thai it will be given no more chances to prove it is a responsible member of this society. The company has been barred from bidding for future city projects.*



he blacklisting by the Bangkok Metropolitan Administration of the construction giant Italian-Thai from bidding for future city contracts, although long overdue, deserves our resounding applause and the full support of all Bangkokians, particularly the residents of Sukhumvit Road where construction of the elevated electric train project is under way. Italian-Thai, which is handling construction of the project, stands accused of being socially irresponsible.

According to Bangkok Governor Bhichit Rattakul, Italian-Thai has been warned several times in the past for its allegedly shoddy construction practices and negligence, resulting in increased air pollution, aggravated congestion and damage to the road surface and drainage pipes along Sukhumvit Road. The situation tended to improve every time a warning was served only to lapse into business as usual soon afterward. In October, parts of Sukhumvit were temporarily flooded after drainage pipes in the middle of the road were broken by the company in the course of construction.

The condition of Sukhumvit Road is so bad that motorists who venture onto the road by chance are as likely as not to swear they will never use it again if they have an alternative. Permanent residents have no choice but to endure the exhaust emissions produced day and night by bumper-to-bumper traffic, the potholes, the dirty road surface which turns muddy when it rains and the foul air which is choked with dust and fine particulae.

The ordeal inflicted upon the people could have been easily mitigated, if not totally eliminated, had Italian-Thai been less negligent and exercised a sense of social awareness. As the governor sees it, the construction giant appears to lack a sense of responsibility towards the society. Other punitive actions such as fines have been

these have not been enough inducement for it to change its bad habits.

Italian-Thai is not alone in its actions. There are many companies in this country which believe they can defy safety regulations, cause inconvenience or even hardship for the public and yet manage to carry on their business uninterrupted because of high-placed connections or the power of money which is used to make the law more malleable. But they are not the sole parties which should take the blame for such an attitude. Corrupt senior government officials who receive payoffs from these companies to turn a blind eye to the wrongdoings are equally culpable.

Like a David who dares to take on Goliath, the Bangkok governor should be commended for his action in putting the public interest before that of a private company. Although the blacklisting will not hurt Italian-Thai's broad range of activities, which includes only one contract with the city administration, the move shames the company in the eyes of the public.

It is indeed a pity that other government agencies are reluctant to take similar steps against contractors which have poor records of social responsibility. The governor reportedly said his attempt to encourage other state agencies to sanction rogue construction firms met with a cool response. And the reason is simple: some senior officials have already benefited from deals that require that they keep their mouths shut.

Clearly, public pressure must be brought to bear on state agencies to blacklist rogue contractors or on the contractors themselves to make them more socially responsible.

There are many companies which believe they can defy safety regulations, cause inconvenience or even hardship

—♦ Bangkok Post ♦—

## Our best hope for the future

อนุทิน ชาญวีรกูล

*Economic conditions are bad and politics persists in being politics. A common factor in the unhealthy condition of both is education, or rather the lack of it. After years of work, a national education bill is taking shape, and with it the hopes of the nation.*



With the economy in a shambles, eyes are focussed on the hole into which we have dug ourselves and our chances of clambering to the surface in one, two or a few years. By now we have a reasonable idea of how we got into this mess and that much of the blame rests with senior figures in the fields of politics, business and the bureaucracy.

It is very pleasing to be able to point the finger at senior figures in the hope that heads will roll from on high, but this is all after the event. The trouble is that we are all to blame, directly or otherwise. True, it was a small number who played a high stakes game with foreign capital and lost, who dozed or acquiesced while businessmen pulled us over the precipice, who bestowed political favours in return for a few pieces of silver.

There were also, of course, our rural cousins, who we like to accuse of selling their votes and us down the river. The more forgiving of urban people put it down to education, or rather the lack of it: forgive them for they know not what they do. The charge, alas, should not be directed exclusively at the provinces because it is city people, who are generally better educated and more affluent, who have, for decades, gone along with a shabby old system.

People who complain about a rapacious police and bureaucracy are often the first to proffer a banknote if that helps them get what they want. Similarly, those who want their children to benefit from the very best education are quick to shell out small fortunes, which are accepted with glee, as guarantees of entry and all that goes with it, but not necessarily the key to knowledge.

Recent events in high government, particularly in the previous administration, show how the education deficit has contributed to the country's problems. With the economy going belly-up, the then government searched desperately for salvation in the form of people with the rare commodity called knowledge. It was only when it was too late did some take up the chal-

... but what was staggering was how we ended up under a government which was in the end forced to admit its own deficiencies.

The recent rash of bad governments has shown how little importance has been attached to education at the highest level of administration. The lessons should by now be clear, but we are fortunate that this time they will be underlined by the political reform process. For the first time in decades, there is the likelihood that national education policy will stand or fall on its merits and not with the fortunes of whatever coalition happens to be in office at the time.

The National Education Bill, which is nearing completion, will concentrate on imparting knowledge and not regarding students as examination fodder. It aims to streamline the education system and bring it into line with international standards, so that the country can make the best possible investment in its best asset — its own young people. So stunted is the present system, says the chairman of the bill's drafting committee, that the best and the brightest of students have been levelled down, their intellectual ability destroyed. Gifted children, the committee found, are regarded as being problematic.

The bill, which should be complete early next year, seeks to tap a rich vein of as yet unexploited talent for the good of the nation. It is a measure that must have universal support. While all eyes are on the economy and the IMF, it might be worth considering that financial bankruptcy is bad enough but intellectual bankruptcy is worse.

The recent rash of bad governments has shown how little importance has been attached to education at the highest level.

♦ Bangkok Post ♦

## Time to turn talk into hard currency

*A soothing voice from on high eased some of Asia's fiscal tension this week when President Bill Clinton telephoned from Air Force One. His kind words, however, won't pay our bills.*



Bill Clinton's half-hour telephone chat with Indonesia's Suharto on Friday may have steadied some government nerves in our aching cash-frozen region, but hardly represented the reassurances needed — and expected — from America and Europe.

The US president just called to say he loved us.

His vow to sustain Washington's aid programme in the wake of the rupiah's virtual collapse on Thursday was no doubt sincere, but neither he nor anyone else can predict how long Asia's monetary nightmare will last and how much more scary it will become.

Just as cost-cutting measures were starting to look like they might stem the haemorrhaging, the baht tumbled further and Indonesia's rupiah became ephemeral, non-existent. The rush on Jakarta supermarkets by panicked consumers this week, the growling of the military and the rumours of Suharto's demise made for frightening viewing.

Clinton's phone calls to Suharto and Singapore's Goh Chok Tong, from above, as it were, since he was aboard Air Force One, brought responses of appreciation from their capitals and Kuala Lumpur, even as the Philippines' Fidel Ramos was being advised (by a political rival) to stop gallivanting about the world as Manila's "number one salesman" and stay home to save the travel expenses.

Thailand's MPs have had to tighten their belts as well, and projects as vast as the Yadana gas pipeline have been put on hold while we swelter through the growing heat of the crisis.

Japan is reeling, South Korea is on its knees and China and Vietnam are urging their citizens to mute their New Year celebrations this month in order to save some cash. Indonesia and Malaysia are cancelling work permits for tens of thousands of foreigners in order to clear the jobs for local talent.

Just one year ago, of course, none of this was imaginable. Business was booming, the tigers were well-fed and western leaders were arriving in Asia by the plane-load to sign lucrative trade and investment deals.

Now, that exchange is down to a trickle for all but India, politically apoplectic as ever but still financially sound, while elsewhere, we have dire warnings: Indonesia braces for further chaos in the streets and the United Nations' High Commissioner for Refugees, Sadako Ogata, frets that empty pockets may result in a rise in crime and mass migrations.

Fair advice. The year has also seen economic expediency make strange bedfellows in Asia with the welcoming of financially-decrepit, morally-bankrupt Burma into the Association of Southeast Asian Nations. Who could argue that that same sense of expediency will not drive some people to take the law into their own hands in forms of unsavoury behaviour that they themselves would normally loathe?

President Clinton's message amounted to "We're behind you all the way", which happens in reality to be the slogan of the American Procrastinators Association. A cheap shot, perhaps, but a worrying point too. If the United States and the European Union cannot quickly find an escape valve, the pressure building up in Asia could vent with worldwide consequences.

Words from on high are a fine thing, but they remain merely words until an interpretation is found soon.

The United Nations' High Commissioner for Refugees, Sadako Ogata, frets that empty pockets may result in a rise in crime and mass migrations.

# A further example of abuse of power

*We live in interesting times. The people in charge of our domestic wellbeing are becoming very jumpy. The deputy interior minister was recently seeing (North) stars that threatened to whip up anti-Chavalit demonstrators into out of control hordes, and now others at the ministry show signs of lighting torches for the witch-hunt.*



For an organisation of considerable size and influence, the Interior Ministry is remarkably thin-skinned, or so it would appear. The ministry has been very busy of late, mobilising officials from all corners of the country to converge on Bangkok when it feels threatened by such matters as a constitution that promises free and fair elections and the prospect of clean, accountable government.

Senior figures at the ministry appear much troubled by a paranoia that causes them to put out a nationwide call to arms whenever they are confronted by something they do not like. The latest such demonstration centres on Vorapot Visarutpit, a Thammasat University law lecturer, who mentioned "sons of bandits" in the same sentence as "Interior Ministry officials".

On the face of it, Mr Vorapot's remark does seem a tad insulting, but considering the ministry has many tens of thousands of officials, the hurt should be spread so thinly that no one would feel a thing. Unless they feel persecuted and threatened.

To put matters into context, the remark was contained in a newspaper article in which the lecturer discussed the prospect of the Interior Ministry running the next general election under the conditions set out in the new constitution. The point he was making was that the electoral commission to be created under the new charter would protect the popular mandate from manipulation by the ministry. Put more succinctly, Mr Vorapot wrote: "Now that we have the Electoral Commission, turning to the Interior Ministry will be like turning to the sons of bandits."

Over the years, if not decades, the Interior Ministry has been highly efficient in the organisation of elections, using its top-down organisation to ensure, with some accuracy, that those it favours win. Organising a contest is all well and good but helping decide the winner is excessive by any standard.

It should come as a surprise to no one that Sanoh Thienthong, the Interior Minister, and his associates in high office are not the greatest supporters of the new constitution. Mr Sanoh has said variously that he detests the political blueprint and that he would feel like a pimp were his name to adorn a party list. Why, Mr Sanoh has been so steadfast in his opposition to the new constitution that he voted for it in Parliament. Yes, for it.

Perhaps the lingering taste of political castor oil caused the ministry, or rather the minister, to react in a by now familiar way to the slight on its integrity. Last week, the order went out for district chiefs across the country to stroll down to the local police station and file libel complaints against the lecturer. Throughout the land, luckless police officers reliant on ancient technology had to take details of the nefarious charge, submit the complaints to luckless superiors and then to luckless public prosecutors who will throw them in the bin because the law says an unnamed person cannot be libelled.

The exercise is a waste of time and an abuse of power and state facilities but the ministry might relish the opportunity to remind one and all that it can throw its weight around. It is a pity, though, that it once again used minor provincial officials to deliver its message. The lecturer's remarks about bandits apply more accurately to those in charge, to those who use officials of the state for political ends. It is time those in charge accepted that the people, and not political cliques, are their masters. And it was the people who gave the new constitution solid support in the hope that it would curb the electoral abuses of the Interior Ministry.

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EDITORIAL

# Moi triumphs and Kenya ponders its fate

When Daniel Arap Moi succeeded his mentor, the revered independence leader Jomo Kenyatta, in 1978, he promised to end illiteracy in Kenya within five years and boost employment by 10 per cent.

Two decades of misrule later, Kenyans find themselves poorer than at any time since independence in 1963. The 73-year-old Moi, one of the last of Africa's "Big Men", is blamed by ordinary Kenyans for the high cost of school fees, for power and water shortages, and for hospitals that lack drugs and supplies. His country, once the pride of East Africa, is a virtual economic cripple.

Nevertheless, Moi was back in Uhuru Park in the heart of Nairobi on Monday to accept another five-year-term as president, this time promising to eliminate civil service corruption, balance the budget while at the same time cutting taxes and improving the country's infrastructure.

"My next government will be more sensitive to the needs and aspirations of the people," he said. "Those engaging in corruption ... they should know their time is up."

Moi's acceptance speech was an implicit admission of many of the ills that plague the country and of his previous governments' role in fostering them.

This term will be Moi's last. And if he is to be remembered as being something more than just another iron-fisted African autocrat who enriched his family and supporters while overseeing the impoverishment of his nation, he has a daunting job.

The economy is reeling from six months of pre-election political confrontation, as well as a stand-

If Moi is to be remembered as being something more than just another iron-fisted African autocrat who enriched his family and supporters while overseeing the impoverishment of his nation, he has a daunting job.

off with the International Monetary Fund, which spooked investors and cost the country part of a \$220 million loan.

Corruption is endemic, the budget deficit is in danger of exploding after the withdrawal of IMF money, and rival ethnic groups which split the opposition vote continue to chaff at what they consider preferential treatment towards Moi's Kalenjin tribe.

There is no secret to what it will take to revive Kenya's fortunes. Moi listed many of them in his speech. He called on his countrymen to set aside

"personal and ethnic chauvinist interests for the sake of our national interest" and appealed for an end to bribe taking.

Whether, after 19 years of rule marked by these very same features of tribal division and corruption, Moi can change the ruling elite's ways remains to be seen.

The first test will be naming a credible Cabinet. Kenyans and the international community are waiting for a sign from the president as to whether cronyism has been buried or given another life. Moi must also take urgent action to resume talks with the IMF.

In the end, the success of Moi's last five years as president will come down to a question of political will.

The choices facing Moi are to either continue with the repressive ways of the past and risk the mayhem that has engulfed neighbours Somalia, Uganda, Rwanda, Burundi and the Congo, or to choose a more liberal, inclusive path that will encourage the participation of all Kenyans in the administration of the country.

A government that represents the interests of all its people and not just one tribe or family is the best hope for Kenya and Moi's place in history.

## EDITORIAL

## Banks must offer hope to businesses

It is understandable that three of the five major banks are reluctant to raise capital immediately as suggested by the Finance Ministry and the Bank of Thailand. After all, it was not the banks that directly caused the economic mess but rather the persistent policy and strategic errors of the central bank.

Bangkok Bank, Thai Farmers Bank and Bank of Ayudhya have so far shied away from quickly entering the market to tap new funds. Bangkok Bank executive chairman Chatri Sophonpanich also has expressed reservations about the authorities' suggestion that finance subsidiaries of banks be merged and their bad debts written off to allow the entry of new shareholders.

Chatri is, of course, trying to protect the well-being of Bangkok Bank and its shareholders. The health of Bangkok Bank is also important to the well-being of the economy.

Major banks are the life-blood of the country's businesses for they control 70 per cent of the assets of the banking sector. They have been with the country through its ups and downs.

Financial reform could have been made to accommodate the banks in normal times. But this is an abnormal period requiring visionary thinking at a different level. For one thing, they must play a more

active role in rehabilitating the Thai economy.

First, they could start by not cutting off credit to clients without good reason. They must help out creditors during this difficult time as much as they can. But this will require a balancing act that involves improving the lax credit approval system which led to excess lending to the property sector in the first place.

Second, it must also be recognised that interest rates, even during the boom years, have not been at low enough levels to help Thai businesses become more competitive. Despite the financial liberalisation that led to huge inflows of foreign capital, the margin between deposit and lending rates has failed to come down to a reasonable level. To be able to lend at competitive costs, the banks themselves must become more efficient.

The Thai financial market is already gearing in this way as the banking and financial market is now open to 100 per cent foreign ownership for the next 10 years.

Patriotism will be an element that prompts Thai people to continue to use the services of Thai banks. But one has to be reminded that their services must at least be on par with those of foreign banks. And everyone knows how foreign banks such as Citibank are good at pleasing retail clients.

So, the banks must continue to have good management. That can come about through the policies of the shareholders, particularly major and strategic shareholders.

Thai banks need more capital to help them achieve internationally-accepted levels of productivity as well as foreign alliances to help keep them abreast of new banking management developments and technology. This is not an era for major shareholders to try to hold on to their control of banks but one in which they should seek to maximise the value of their returns, even if they see a dilution of their shareholdings.

Thus, there is no harm in Thai banks raising new capital now. It will also meet Finance Minister Parin Niimmanahaeininda's aspiration to see fresh funds flowing into the banking system to ease the tight liquidity situation.

It is understandable that the banks are trying to shrink their assets to protect themselves against more risks in a troubled economy. But it is also a challenge for Thai banks to help resurrect the economy. What they should do now is assess their equities and pick their best loan officers to go out to look for good clients.

That is how confidence will appear and recovery in the Thai economy.

EDITORIAL

# World is not yet ready for human clones

**M**averick American scientist Richard Seed is an unlikely figure to be playing God. His life has essentially been one of frustration and business failure. He holds neither a medical qualification nor a recognised academic position and although he has carried out some embryo research, his background is in physics.

But there seems to be no doubting his intention to become the first man to clone a human being and to take, in his own words, "the first serious step in becoming one with God".

For many of the rest of us, who consider the human a notoriously fallible creature, such sentiments stir up considerable concern. And with good reason.

Since the stunning news last year that scientists had cloned an adult mammal - Polly the Scottish sheep - the world has been forced to confront the idea that it could now be technically possible to make genetic carbon copies of humans. And it is very apparent the human race is not yet ready to make a judgement on the ethical considerations of such a possibility.

Most people have little idea what is involved in the cloning process, but most people understand the potential for abuse or genetic chaos. Some of our fears are the result of science fiction scenarios that foresee the genetic resurrection of dead peo-

ple, the mass-production of dangerous superhumans and the pursuit of immortality by transplanting our brains in specifically-bred replacement bodies.

But there is also a simpler fear that cloning is something we should not mess with because it subverts the evolutionary process and the most basic impulse of humanity - to breed sexually. At the heart of the matter is that cloning sidesteps the reshuffling and screening inherent in the genetic process and strips evolution of the main source of the variation that drives it. Cloning would mark a break from a billion year tradition of culling catastrophic mutations.

Seed, with one eye apparently on the fortune that is to be made and another on the notoriety associated with such a breakthrough, claims that his aim is to simply help childless couples reproduce. Leaving aside the point that reproducing an infertile parent's genetic code would result in an infertile offspring, Seed's claimed altruism belittles what is at stake: cloning is much more than a reproductive choice - it has consequences that could reverberate for eternity. Polly was the culmination of 276 failures and could still yet prove to be a walking time bomb of tumours waiting to form.

Given Seed's lack of resources and technical skill,

it is unlikely he will succeed with his plan. But unless his declaration of intention is met with public condemnation and international legislation to impose a moratorium on human cloning experiments, better qualified and better funded medical entrepreneurs will soon move into test the ethical void.

Nineteen European nations agreed on Monday to prohibit efforts "to create human beings genetically identical to another human being, whether living or dead". Momentum is building in the US Congress for similar legislation.

These developments are a move in the right direction, but it will take global action to prevent the classic "mad scientist" pushing the envelope too far.

It is also important to note that not all genetic research is troubling. Limited cloning of human material such as DNA and human cells could produce important medical advances. But the world needs time to stop and consider all the ramifications of full human cloning.

Last year, Seed told a conference:

"Clones are going to be fun. I can't wait to make two or three of my own self."

It is such a flippant attitude that the world needs to be on guard against.

EDITORIAL

# US must reveal its true colours

**U**S Deputy Treasury Secretary Lawrence Summers arrived in Bangkok last night for talks with Prime Minister Chuan Leekpai's economic team on the financial turmoil that has engulfed the region. While he is here, Summers will have much explaining to do to the Thai public about Washington's hands-off approach to the crisis.

Regionally, the United States seems to be playing a game of catch-up rather than seeking to act as a catalyst to halt the currency contagion. Washington and its European partners earlier derailed a plan by Japan and Asean to sponsor a US\$100-billion fund to complement the International Monetary Fund assistance programme.

The fear of a "moral hazard" - that additional bailouts would deter Asian nations from seeing through a tough reform programme - was high on Summers' agenda. He won that round, but let's look where the turmoil has left us today. Asia is suffering from unprecedented capital flight, and the herd instinct aroused by this "irrational" market crisis is threatening to trigger the collapse of several economies as their currencies plunge.

The US is now offering piecemeal advice and aid in Asia rather than taking a firm lead to create a new international financial order through the Group of Three or Group of Seven. It has also failed to give the

signal for Japan to play a more active role in rehabilitating Asia's ailing economies, particularly to ease the plunge in currencies.

Vision seems to be lacking in the face of a crisis that could have all kinds of ramifications globally.

Summers, in his last discussions with Thai officials, pushed hard for the liberalisation of the Thai financial market. The Thai government agreed to allow foreign investors to own Thai financial institutions outright for up to 10 years - a condition that is beyond the commitments of many countries in the World Trade Organisation.

But many US creditors and investors have not acted in accordance with the spirit of liberalisation and demonstrated a genuine commitment to Thailand and the region while holding all the cards.

Instead they seem to want it all at virtually no cost. US banks have been the most reluctant of foreign creditors to roll over loans to Thai companies and banks. GE Capital, a unit of General Electric Co, is looking to establish its presence here by offering to buy the leasing assets of the 56 shutdown finance firms - but it wants to buy at a fire-sale price despite the existence of many good assets held in the portfolios. Other US firms want to buy cheap, as well, and to assume full management control of Thai banks and companies.

In general, US companies and investors have been the slowest to come in despite the liberalisation of the Thai financial sector. More should take a long-term view like the ALA Group, which took over the assets of Bangkok Investment Co.

Americans are repeating the same error they have committed over the past three decades in Asia, which is to come in late after they have lost all the advantages to the Japanese and Europeans. As an undisputed leader in global financial services and as the supplier of the predominate currency of trade, the US, like it or not, has an obligation to help create global financial stability.

A backlash of resentment is beginning to be felt in some quarters against the direct role of US corporate players in the crisis and the US position in the IMF. America has been discriminatory in its assistance to countries in the region, if not in monetary terms then in deciding which countries to help first and in what way.

The US, given the strength of its economy, will be the biggest beneficiary of the regional financial crisis. But unless it shows greater responsibility and a more truly global vision, it could lose more than it gains.

Summers' visit to Bangkok will make clear what kind of world the US wants - a winner take all battleground or an interdependent but more sustained place.

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## Tarrin's IMF Mission: Establish Credibility

It is almost certain that the International Monetary Fund (IMF) will show flexibility in allowing for certain changes in the conditions of the loan rescue package. When the IMF-sponsored line of credit was applied for, no one knew that Thailand's problems would trigger a "contagion effect" from Malaysia to South Korea.

There was also no way of predicting that the contagion would spread back to Thailand, leading to a vicious cycle of negative events which seem to feed on themselves, and leading to a near total collapse of investor confidence.

Nor did anyone foresee the effects and ramifications of competitive devaluations. Thai and IMF officials were hopeful that letting the baht float (or, more precisely, letting it sink) would jump start the export sector by giving it instant competitive advantage over exports in other countries. In theory at least, that is what should have happened, but reality has a way of making fools of "experts" and policy makers.

To be sure, the baht has depreciated more against the dollar than most other regional currencies, but it was overvalued to begin with. The bottom line is that the goal of achieving competitive advantage through currency devaluation has fallen by the wayside.

On the fiscal side, the Government has made several cuts in the budget, each time hoping to reduce it just enough to get by and achieve a surplus which is in line with the conditions of the IMF rescue package. Here, too, theory and reality clashed, and as always, the latter won.

No one anticipated that government revenue would drop by as much as it has, and even projections made under the most pessimistic scenarios did not come close to actual figures. The latest estimate is a revenue shortfall of about 100 billion baht.

Given all the unanticipated developments, Finance Minister Tarrin Nimonahaeminda will have plenty of reasons to ask for changes in loan conditions. It would be a mistake, however, for him to come across as someone with ready excuses for why Thailand will be unable to meet the terms and conditions of the original agreement.

What he must do is to put the focus on the future rather than the recent past. Specifically, he must present to IMF officials a plan of action which has a much greater sense of urgency than the present one.

Despite the seriousness of the economic crisis, there is no evidence that crisis management is in full swing. On the contrary, the prevailing impression is that officials as well as businesses are muddling through as best they can without overpowering courage and conviction.

The case of Bangkok Metropolitan Bank illustrates this impression well. The bank has been in serious trouble for over two years, but substantive actions to remedy the situation only happened last week.

Aside from having very serious financial and economic problems, the country also has a devastating credibility problem. The battle to for economic recovery would be lost unless our leaders can establish credibility. This is Tarrin's most important task.

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## Food Industry Should Try Self-Regulation

As the authorities in Hong Kong are struggling with the bird flu problem, other regional countries including our own should see the matter as a warning signal to take care of food quality and sanitation. If a life-threatening disease can occur in Hong Kong where health and sanitation standards are high, then far more serious dangers exist in countries where the standards are seldom enforced and mostly ignored.

The food service industry in the country is not subject to rigorous inspection, and health and sanitation standards are seldom enforced. Restaurants violate public health laws with complete immunity. Food processors are seldom inspected. Meanwhile, visitors from abroad often say that the most unpleasant aspects of their visits have to do with unsanitary conditions in public establishments, including markets and places where food is served.

What should be done?

Government regulators should do their job, of course, but experience shows that relying on food and restaurant inspectors to do a thorough and effective job is wishful thinking at best.

The food industry needs to take self-regulation more seriously. The incentive is that clean food is good for business. If industry standards are set and rigorously enforced, restaurants that meet the standards will attract more clients. The industry must realize that setting high standards and enforcing them is profitable, and those that have no concern for public health should suffer the consequences in financial terms.

Skeptics may view self-regulation as an license to violate rules and regulations at will. That may be the case if the industry sets standards for the sake appearance rather than with honest intentions. Countries which have developed industry standards have found that most food serving establishments willingly adopt food handling procedures which ensure cleanliness. In most cases, the procedures are not costly and mostly involve proper training for personnel. Where clean and sanitary storage facilities and equipment are required, the costs may be higher, but long-term benefits more than compensate for the initial investments.

Self-regulation in the food industry also means that people who know the most about the food business are the ones setting the rules. This grassroots approach has the added benefit of being more easily acceptable to other people in the business. The rules and regulations are drawn up with actual food preparation conditions in mind and do not reflect a bureaucrat's idea of what needs to be done.

Finally, consumers can also play a major role in improving the industry. As things stand, food buyers on the whole do not insist on cleanliness in food preparation. Consumer groups should be formed at the district level to act as pressure groups.

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Well Known Quotation

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## Using Information Technology To Facilitate Counter Trade

Counter trade arrangements are an excellent way to save a country's limited supply of hard currencies, and efforts should be made to find new ways to use the barter system on a wider scale. There are major obstacles to overcome in facilitating counter trades, but modern information technology and close cooperation between parties interested in bartering their products will overcome the problems.

The volume of counter trade has remained fairly small in proportion to total exports, amounting to under \$180 million this year.

Much of the trade currently deals with military goods, and private sector operators have not yet found a way to use counter trade in an efficient and cost effective fashion.

There are several obstacles to overcome. Unless there is an exact match of needs between buyer and seller in a counter trade deal, the seller will have to find a way to sell the goods received in payment, and that entails additional costs as well as potentially high risks.

Successful counter trade arrangements are more an exception than the rule at present. For example, sending weapons over to Thailand in exchange for rice is workable because of the very profit margins on military equipment. In addition, the prospects of selling repair parts, supplies and services associated with the weapon systems in the future makes the deal worthwhile from the seller's standpoint. In many instances, foreign governments stand behind the arms sellers with various assistance programs and subsidies.

Thailand's exports to other countries in the Association of Southeast Asian Nations (ASEAN) was expanding at a very high rate until the current regional economic crisis erupted. Now that most ASEAN members are short of hard currencies, it is an opportune time to set up a counter trade mechanism on a regional basis.

What is needed is a centralized database and information center containing and current list of goods and services available for counter trade. One of the functions of the information center is to match buyer to seller, but more importantly, the centralized information system would help overcome the problem of matching only buyers and sellers who have exact reciprocal needs. The computer can search its files to see if a three-party counter trade can be arranged if a two-party set-up fails to come up with exact reciprocal needs. And if a 3-party counter trade is feasible, the more sellers and buyers can join.

There are also bartering systems now in use which facilitate trades by creating a medium of exchange between buyers and sellers which does not entail the use of currencies. A seller gets "credits" which can in turn be used to trade for other goods available for barter. Under this system, the database is the market place, and counter trade shoppers can use their credits to buy the goods. No cash changes hands.

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## Nice Surprise From Prime Minister Hashimoto

Japanese Prime Minister Ryutaro Hashimoto stunned world markets yesterday with the announcement of a \$15 billion tax cut to jump start the economy and prevent Japan's economic doldrums from spreading to its trading partners.

The move was enthusiastically received in world markets. In Tokyo the Nikkei index jumped over 500 points while the yen gained strength against the dollar.

US President Bill Clinton welcomed the news. The US has been urging Japan for a long time to use fiscal policy to stimulate economic growth rather than to rely exclusively on exports to build up a balance of trade surplus.

In Thailand, the baht immediately gained strength, closing at 47.20 baht to the dollar, a major improvement considering that it was dangerously close to the 50 mark less than 48 hours earlier. Ironically, Finance Minister Tarrin Niimmanahaeminda just arrived in Japan on a mission to convert dollar denominated loans held by Thai borrowers into yen loans. Betting against the yen is the same as betting against Japanese economic performance. It is not a good idea.

Hashimoto said the tax move was made to "avoid a possible worldwide depression originating in Japan." That may be a bit overstated, but there will certainly be positive benefits to other economies.

It is also interesting to note that government deficit resulting from the tax cut will be financed by a bond issue. However, a tax cut often results in higher tax revenue in the long-run because economic growth leads to an expansion of the tax base.

It remains to be seen how much of an increase in the various components of Japan's Gross Domestic Product (GDP) will result from the tax decrease. Analysts are estimating that the GDP will rise of about 0.3 percent.

It is not yet time to predict positive trickle down effects from the tax cut. The Japanese economy has been mired in an economic recession for so long that a \$15 billion shot in the arm over a period of a year isn't going to produce a miracle of recovery. Consumers have a very high savings rate in any case, and considering the state of the economy, they are not likely to increase their spending on imported products by a significant margin.

On the whole, however, Hashimoto's announcement is just the kind of highly positive economic news that the hard-pressed economies of Asia needed to hear.

Regional markets are almost exclusively sentiment driven at this time, and the sentiment has recently descended into a vicious cycle of gloom and doom.

The news from Japan is certainly not the long awaited light at the end of the tunnel for Thailand, Indonesia, the Philippines and South Korea, but considering how things have been lately, and how they look in the near future, any light will do.



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