

**Opening Remarks by
His Excellency Dr. Thaksin Shinawatra
Prime Minister of Thailand
at the Opening Ceremony of
the LSE Asia Forum 2004
Hotel Plaza Athenee, Bangkok
18 March 2004**

**Your Excellency Privy Councillor Tanin Kraivixien,
Sir Howard Davies, Director of the London School
of Economics and Political Science,
Excellencies,
Ladies and Gentlemen,**

It is a great pleasure for me to have this opportunity to welcome all of you to the inaugural LSE Asia Forum, organised by the London School of Economics and Political Science (LSE). I understand that this is the first time LSE has hosted such a major intellectual programme in Asia. We therefore feel very gratified that LSE has chosen Thailand for this landmark event, which should carry on LSE's proud tradition of producing new ideas and astute observations concerning the world economy.

I am told that LSE was founded over a century ago because some four to five people of great intellectual prominence in Britain wished to set up an alternative intellectual institution that would provide another centre of academic excellence. Such institution later became renowned for producing decisive minds of extraordinary analytical ability beyond normal standards. If I am not mistaken, a total of thirteen Nobel Prizes in Economics,

Literature and Peace have been awarded to LSE alumni or staff, ranging from George Bernard Shaw in 1925 to George Akerlof in 2001. And I have no doubt that your distinguished institution will continue to accumulate more accolades over the years.

Excellencies, Distinguished Guests,

Given the current global uncertainties and economic dynamics of the world today, it is essential for us to think about Asia in an innovative manner, if we are to truly look into the future of global economic relations.

As you all know, following the Economic Crisis of 1997, Asia is presently enjoying new growth and dynamism, led by strong economic expansion in China and, if I may say so, Thailand as well. In the last quarter of last year, the two countries registered economic growth of 9.9 and 7.8 percent respectively. The question is whether Asia's impressive growth is merely cyclical in the old paradigm of competitiveness? Or whether we will be able to sustain such growth, recognising the imperfections of the market place, thereby making the cycle less painful? We clearly cannot do so if we do not go deeper into an analysis of what makes such sustainability possible.

For us in Thailand, sustainability means a marriage between comparative advantage and competitiveness. They are both sides of the same coin – you cannot have one without the other. I have proposed that these twin necessities should be the subject of our cooperative endeavours, not only in Thailand, but also on an Asia-wide basis.

The latter is being realised through my initiative in establishing the Asia Cooperation Dialogue, or ACD, which held its inaugural meeting in Thailand in June 2002. From its initial beginnings comprising 18 countries, the ACD has now expanded to 22 countries covering every sub-region of Asia. The ACD seeks to provide Asia with its first region-wide forum for both cooperation and dialogue, aimed at pooling the continent's diverse comparative advantages and building its competitive strength. This would build a stronger Asia, not only for the common benefit of the peoples of the region, but also for the world at large.

In the final analysis, it is expected that the ACD will enable Asia to best utilise its vast potential in terms of assets and resources. The region is home to over half of the world's population. Its combined international reserves amount to some 1.5 million million U.S. dollars, again over half of the world's total reserves. At the same time, Asia also accounts for roughly a quarter of the world's GNP and international trade.

In view of the rich resources at Asia's disposal, it is incomprehensible to me that much of the region remains engulfed in poverty while other regions grow more prosperous by the day. This is partly due to the fact that, for too long, Asia's substantial wealth has been used to finance growth in other parts of the world in the same way that rural wealth in Thailand had previously been used to finance growth in the urban areas.

For this reason, I have initiated and advocated the idea of an "Asian Bond", which would enable Asian countries to use their own surplus wealth to finance their own development and prosperity. I am delighted that the proposal has gained widespread support within the region,

resulting in the launching of the Asian Bond Fund Number 1 in June of last year with the support of 11 Asia-Pacific Central Banks and 22 member countries of the Asia Cooperation Dialogue. Such has been the enthusiasm about this new financial architecture that we are now talking about establishing an Asian Bond Fund Number 2, to which both Thailand and India have already pledged one thousand million U.S. dollars each as start-up capital. Much more work remains to be done, including the establishment of a viable credit rating agency and development of both the demand and supply side of this initiative. However, I am fully confident that Asian Bond Market Development will provide Asia with an excellent means to finance its future prosperity as well as enabling Asia to be a stronger trading partner for Europe and the United States.

Ladies and Gentlemen,

In view of what I have just said, Asia is a region of enormous untapped potential, and I have no doubt that it will be the new growth area of the world. However, the sustainability of this new growth area must answer the question of “viable originality” or, to put it in another way, “effective and original products and services”. Such an achievement would go a long way towards making Asia mature as a triangular partner in the global economy along with the United States and the European Union.

With its rich natural resources and homegrown ingenuity, Asia has the talent and capacity to produce virtually anything under the sun. To paraphrase an old Thai saying, we are capable of producing all kinds of quality products, “from toothpicks to satellites”. Economic growth, however, is not simply about mass production of goods. Economic growth, if it is to be sustained, has to

be capable of linking productive capacity with originality in a way that would allow for mass customisation. It is about how to create a diversified means of wealth creation for the poor and people at the grass-roots level. Growth without originality usually begets an economic cycle at a level that could create a direct impact on social problems. This is clearly not acceptable.

The basic rule of economics is that you produce goods, and you trade, in order to exchange products and services that **create satisfaction to the buyer or add value to his or her sense of acquisition**. If we do not recognise this fact, then we are merely producing replicate products for trading with one another and the rest of the world. Such an approach would lead us once again along the same old path of overcapacity, over investment, non-tariff barriers, and problems regarding the global financial architecture.

Excellencies, Distinguished Guests,

I do hope that the discussions at this important seminar, with so many outstanding minds present, would show us the light – a shining light – concerning an alternative option for sustainable economic growth in the region. In other words, I hope that your discussions will produce practical solutions with brilliant intellectual underpinnings to the problems and challenges of the region.

I have heard that the London School of Economics and Political Science used to have a very good colonial administration department. At the same time, in the modern day, LSE has also become very well known for its MBA courses as well. I therefore hope that this important

LSE Forum will be able to link the past, the present, and the future in a manner that will yield great benefit to the peoples of this region and the global community at large.

On this note, I now have the great pleasure to declare the LSE Asia Forum 2004 officially open, and look forward to hearing the results of your deliberations.

Thank you very much.