

A Gala Dinner Speech in Honour of Dr. Puey Ungphakorn By M.R. Pridiyathorn
Devakula, Governor, Bank of Thailand
At The LSE Asia Forum 2004 on
Asia: The Future for the World Economy
The Hotel Plaza Athenée, Bangkok
18th March 2004

Distinguished Guests,

First of all, I would like to propose a toast to His Majesty the King. May I now invite you all to please rise to the toast.

Excellency Privy Councillor Tanin Kraivixien,
Sir Howard Davies,
Distinguished Guests,
LSE Alumni,
Ladies and Gentlemen,

It is an honour for me to be here tonight amongst this gathering of elites. For the overseas guests, I would like to warmly welcome you all to Bangkok and I hope you have enjoyed your stay here. For the LSE alumni, I hope you have enjoyed seeing familiar faces and reminiscing about your good old days at the School. Let me now formally congratulate Sir Howard Davies on his appointment as the Director of the LSE. All of you should count yourselves very fortunate that the new director has brought the School to you here all the way from London. I would also like to express my appreciation to the School in allowing the Bank of Thailand to be the sponsor of this event, giving us an opportunity to strengthen our relationship with the School. The Bank of Thailand feels obliged and privileged to be associated with this event, (which showcases the LSE as the high caliber institution that it is). The School has consistently produced such high quality graduates evidenced in many of our staffs who have made significant contributions to the Bank. One of the finest products of the School was our most outstanding and longest-serving

governor, Dr. Puey Ungphakorn. Since tonight is the largest gathering of the LSE alumni in Bangkok, it is such an opportune time to honour the memory of Dr. Puey and his links to the LSE, to the Bank and to Thailand by telling you how he had developed to become a great role model to us all at the Bank and also to many other Thais. I am deeply attached to Dr. Puey and it gives me great pleasure to share with you his story.

He was an ordinary person who led such an extraordinary life and became one of the most respectable public figures in Thailand. Dr. Puey is indeed part of the history of this nation. He contributed greatly to Thailand's economic development. Throughout his exceptional career, his many initiatives had laid strong foundations for all offices that he was in charge of or involved in. In 1958, Dr. Puey became the director of a Budget Bureau which was newly established. The Budget Procedure Act of 1959 was enacted as a result of a study of the Thai accounting and budgetary system that he had instigated 3 years earlier. The Act defined procedures covering budget preparation, control and disbursement. Since its enforcement, the flagrant spending of government funds in excess of annual budget appropriations has become negligible. This reformed budgetary discipline and methods have been faithfully followed since then and the Budget Act is still in use till these days – 45 years after its first implementation.

A year later (in 1959), he was made concurrently the Director of the Fiscal Policy Office and the Governor of the Bank of Thailand. So, at the age of 43, Dr. Puey was in charge of both the country's monetary and fiscal policies. He was in a strategic position to help formulate and execute reforms in trade, exchange rate, monetary and fiscal policies that were to have far-reaching effects. Dr. Puey was the governor of the Bank of Thailand for 12 years and it was largely to his credit that the Bank of Thailand exuded integrity and technical competence. He initiated a series of prudent innovations and reforms in finance and banking, which have led the Thai banking industry into a new era. The most important of those was the Commercial Bank Act of 1962, of which Dr. Puey was the principal author in the final stages. These encouraged public confidence in Thai commercial banks, enabling them to grow rapidly and play an important role of financial intermediary and broadening accessibility of financial services to the general public. As a result, the Thai banking sector had expanded considerably and became a truly important

mechanism in the economic development of Thailand. Dr. Puey also succeeded in 1963 in fixing the par value of the Baht and keeping the currency value stable. A single exchange rate replaced the former multiple exchange rate system while an Exchange Equalization Fund (EEF) was established to eliminate short-term fluctuations in the exchange rate. This had been a long-awaited move since 1949 when Thailand signed the articles of agreement of the IMF stipulating that each member was to fix the par value of its currency in terms of gold to maintain exchange rates stability. Apparently, many IMF officials were puzzled at the country's failure to fulfill its pledge for 14 years especially when international reserves were quite adequate. Dr. Puey, who was known for his sense of humour, explained by telling a story of an unwed couple who had lived happily together and had beautiful children but were finally married "when the wife caught the husband in a good mood."

Another of Dr. Puey's legacy was the development of human resources. Recognizing that education was an important factor in economic growth and development, Dr. Puey initiated a scholarship programme for the Bank and, later on, for Thammasat University. The Bank has spent more on this than probably any other organizations, public or private. Over the last 44 years, more than 400 persons, chosen from among the top Thai students, have received the Bank of Thailand scholarships to study in some of the world's most renowned universities.

The more excellent work Dr. Puey had delivered, the more he was asked to do. In addition to his positions with the Bank of Thailand and the Fiscal Policy Office, Dr. Puey was one of the 10 members of the Executive Committee of the National Economic Development Board since its inception. He was a member of the National Research Council and head of its economic branch. His presence on the National Statistics Board since 1961 contributed to substantial improvement in the gathering of up-to-date and accurate statistics without which, he emphasised, sound economic policy cannot be formulated. In 1964 he was appointed the Dean of the Faculty of Economics of Thammasat University. Eager to devote himself to the challenge of developing a program of education for future economists, he asked to be relieved of the governorship of the

Bank of Thailand. The then Prime Minister, realizing that Dr. Puey was quite instrumental in achieving the confidence at home and abroad in the management of the Bank, asked him to remain until a successor could be found. Candidates approached had apparently insisted that they could not fill his shoes. In his role as the Dean, he wholeheartedly served the university's goal of academic excellence. He built the faculty into one of the best economic departments in Asia. Among his many initiatives were thoroughly revised syllabuses, extensive and well-stocked library and a scholarship programme which produced over 100 lecturers over a 10-year span. He was later elected to be the tenth rector of Thammasat University.

Ladies and gentlemen, With so many positions in so many offices that Dr. Puey had held, he, nevertheless, treated all of his offices seriously and professionally. He was active and conscientious in the discharge of his many responsibilities. Leading by his own example, he instilled his colleagues and staff with pride and respect for quality performance and provided inspiration to other hardworking civil servants. He was generous in giving credit where it was due. And once an office had been put in order and was on a firmer footing, he felt compelled to recommend his replacement to allow promotion of his subordinates. Examples were his resignation as Director of the Budget Bureau in favour of his deputy in 1961, and similarly in 1971, he relinquished his position as the Governor of the Bank of Thailand to his deputy, who then became the first governor ever to be appointed from the Bank's own staff. He was not only admired for his professional competency and his hard work, he was also widely praised for his "role model in honesty and integrity". People have constantly talked about his courage to fight for what was right for the country and how he was undaunted by any influential powers. Dr. Puey once said "...If the policy in question could undermine principles or lead to catastrophe, the Central Bank Governor may not only voice his disapproval against it, but he also has the ultimate prerogative of resigning from the governorship". He practiced what he preached without fail. In any serious conflict over principles, he resolutely refused to be swayed by political influence and had always been prepared to resign. There were countless incidents in his career where he put his positions on line. In late 1953 when he was a deputy governor of the Bank of Thailand, a prominent military

member of the cabinet wanted to take over one particular commercial bank which was going to be fined a large sum of money due to non-compliance of the Bank's regulations. Dr. Puey insisted on the commercial bank being fined despite the special request asking the Bank not to impose such penalty. Soon after, the cabinet had him removed from his position. Another case involved notes-printing companies. One of the most influential persons at the time was trying to force the Ministry of Finance and the Bank of Thailand to switch from the existing notesprinting company-Thomas De La Rue, to an American company which he allegedly received some benefit from. The then Finance Minister sent Dr. Puey to investigate the American company in question. Dr. Puey candidly wrote in his report that the company was not trustworthy enough and strongly recommended the continued usage of the Thomas De La Rue company. Incidents like those that I have mentioned imbued the Bank of Thailand with a spirit of absolute integrity. It was quite unthinkable that any corrupt practices could be found in the Bank. This reputation of uncompromising adherence to moral values gave the Bank considerable prestige and allowed it to enjoy *de facto* autonomy. Another well-known incident had to do with democracy and the power of the people. In 1971, while Dr. Puey was a visiting professor at University of Cambridge, he wrote an open letter to the head of the revolutionary party who is also the head of the government requesting that the democratic power be returned to the public as soon as possible. The government deplored his action and condemned him of being an antagonist. This looming political threat caused him to stay in England a year longer than he had intended. He thus decided to resign from his positions as the Dean of Thammasat University as well as the Advisor to Ministry of Finance. In all these cases, he never once used or even threatened violence. Instead, he advised, persuaded and sometimes pressured tactfully to bring things into line. He often made his point in subtle yet unmistakable ways. For instance, at the annual dinner of the Thai Bankers Association in 1964, he made a speech, in a poem no less, referring to the then Prime Minister's praiseworthy principle that no minister should be involved in business activity. He wondered why so many ministers were committee or even president of the board of various commercial banks, or "Was banking not a business activity?", he asked. On the following day after reading the speech, the Prime Minister resigned from the boards of

two banks and issued a directive to all ministers to resign from all banks except the state-owned bank.

Ladies and gentlemen, For Dr. Puey, the qualities one finds repeated in admiration are those of humanity and humility for a man of great intellect, drive and resoluteness to help better his country and his people. He was a spokesman for the welfare of his fellow countrymen. He once described the quality of life that he advocated for everyone in one of his best-known pieces of writing “From Womb to Tomb”. In simple words, he laid down the conditions for a good life that any decent human society should strive to achieve for its members. His campaign on social justice was best encapsulated by these words: “Santi” which means peace and “Prachadhamma” which, in the widest sense, means virtue, morals and goodness of the general public – of which one essential component is social justice. Dr. Puey once said “If we adhere to the social righteousness’ principle, there is no way to achieve righteousness other than in a peaceful way”. He also set up the Graduate Volunteer Programme, while he was at Thammasat, to expose the students to growing social problems especially in the countryside.

I cannot help being proud whenever I talk about Dr. Puey and how he had influenced and helped shape the history of Thailand. His decisions and actions on matters relating to economic, social as well as political institutions have tremendously affected our lives. He undoubtedly made his mark on the world, just as he had determined to do in a Thai poem he wrote when he was only 24 years old.

Ladies and gentlemen, In closing, allow me to quote one of his students who once described him as follows:

Dr. Puey Ungphakorn was...

A man who was so honest that he could demand honesty from others

*An exemplary civil servant who courageously challenged wrongdoings
and bravely stood for righteousness*

*A man who was kind and compassionate to those of lower standing
and the have-nots*

An academic who was admired by all academics
An economist who desired a more equitable society
A true believer of democracy with all his soul and conducts
A peace-loving person who taught people to fight for their freedom
and equitable society in a peaceful way
A Thai who cherished his homeland and devoted himself serving the
nation throughout his life
A man who sacrificed himself to work for greater goods of the public
and never ever thought of his own self
A noble man who did so many good deeds that he was deeply revered
by people from all walks of life
A human being who had no greed, no delusion, and never displayed
any anger

Ladies and gentlemen, Dr. Puey was born an ordinary man, but throughout his life, he had conducted himself in such an extraordinarily virtuous way that he was and remains a great example of goodness. His goodness shined through his every action. It is next to impossible for anyone to strive to be like him. Nonetheless, we, especially the authorities who have powers to affect people's lives and their well beings, should at least aim to do the right things for the people. We should look to Dr. Puey for guidance and inspiration, and keep reminding ourselves to practice what he had shown us. Ladies and gentlemen, Thank you for your attention.