

The Leadership Forum
Speech by Mr. Anand Panyarachun
Chairman of Saha-Union Public Company Limited
Former Prime Minister of Thailand
Bangkok
February 25, 1999

Khun Arsa Sarasin, Chairman of the Foundation for International Human Resources Development,
Excellencies,
Distinguished Participants of the Leadership Forum,
Ladies and Gentlemen,

I would, first of all, like to thank Khun Arsa for that warm and generous introduction. I would also like to take this opportunity to congratulate him on being appointed Chairman of the Foundation, which is just one of the many important positions that he has been asked to assume. I am sure this latest assignment will involve many challenging tasks ahead and will require the kind of determination, commitment and experience that Khun Arsa has always brought to bear in every endeavour he has undertaken.

When I was asked to give this talk, I was not sure what would be the appropriate subject for me to address in my remarks this evening. But I was informed that the aim of this forum was to discuss and search for possible solutions to issues of economic development in the light of the current economic crisis, and particularly the implications for human resource development.

I think that with the brainpower in this room, you may have already made much progress towards finding such solutions. So let me offer by way of a disclaimer that I may have little of substance to add to the discussion. Indeed, my remarks should be taken as the musings of one man, and if what I say here makes us think - and care - more deeply about human resource development, I shall consider that to be ample reward.

It seems that since the Asian crisis broke out, with Thailand as the epicentre, we have all gone through considerable soul-searching, particularly with regard to our development strategy. What went wrong? What are the lessons to be learned? What do we need to change to be able to thrive in the globalised economy? These are hard questions that we have to keep asking ourselves if we are not to repeat the mistakes of the past.

Certainly, there is no shortage of theories on the origin of the crisis. Some blame it on rampant capitalism, while others see a conspiracy led by "rogue" financial speculators. Some point to the fallacies of so-called Asian values and the Asian model of development, while others see globalisation as the main source of all our problems.

There may be elements of truth in all these analyses. But I believe that at the heart of it all is the plain and simple fact that we became victims of our own success, success which we defined much too narrowly and which lulled us into complacency.

What happened was that we came to see economic development purely in terms of material wealth and astronomical GDP growth?

We equated economic success with the outward trappings of modernity such as high-rises and luxurious lifestyles, whether or not they were cost-effective and appropriate. Even as we enriched our pockets, we failed to enrich our minds and spirits.

Success bred excess. Traditional Thai values of thrift and spirituality gave way to consumerism and materialism. The Asian values we trumpeted only served to justify a system of patronage and favouritism that led to the misallocation and mismanagement of our resources.

We touted the abundance of our natural and human resources but it turned out to be an open invitation for the exploitation of cheap labour and the destruction of our environment.

Certainly, we can blame outside forces for the devastation wrought upon us, but complaining would not get us very far. It would be a much better use of time and energy if we were to realistically assess our strengths and weaknesses, determine what needs to be done, and do it.

When we talk about the causes that contributed to the crisis, one weakness we tend to overlook is in the area of human resource development. We have to admit that Thai society has not traditionally devoted as much attention to developing its human potential, as it should have. The paternalistic nature of our society has meant that ideas and change mainly came from the top down.

Authority spoke, and the people listened and complied. While this social structure made for great political stability, it meant that society was ill equipped to deal with change, particularly rapid, sweeping change.

And change is what Thailand's integration into the international system brought. Father-knows-best leadership works well enough in closed systems, but when father himself is overwhelmed by outside forces, the children have to fend for themselves. To do so successfully, they have to be empowered to think for themselves.

But human resource development is a long-term proposition. For many years, the crucible of the Cold War made the idea of people empowerment and independent thinking politically unpalatable. Grassroots movements that aimed to build on society's traditional strengths, such as by fostering rural self-reliance, were regarded by the authorities as controversial. Thus even with the advent of national development planning, the workforce was generally taken to mean the

labour force, with labour another ingredient in the industrial development recipe - a raw ingredient, rather than one that needed to be refined and developed.

Without the economic crisis, we would have probably continued on that unsustainable path, and a bigger crisis would have been waiting for us further down the line. But now we have had our wake-up call. The Cold War is no longer, and rapid change is buffeting us from all sides. The trend towards democracy and good governance is irreversible. If ever there was a time to reconsider our approach towards human resource development, it is now.

What is most important is that we must return the process of economic development to where it belongs, to the people. We have seen that a top-down or trickle-down approach does not work. The State has shown that, for all the resources at its disposal, it does not know enough to outguess the market, much less to achieve any degree of efficiency in managing economic development. The business elite has also demonstrated that it is not above making costly mistakes that can run the economy into the ground.

To be sure, there is a place for the State and a place for the private business sector, but it is high time we brought out the latent energies of our greatest asset, our people. After all, you can invest as much as you like in all the skyscrapers, expressways and other physical infrastructure, but it is the human infrastructure that matters the most and potentially offers the highest return on your investment. A nation can pour as much money as it likes in acquiring military might but no nation can feel truly secure if its people languish in deprivation and social injustice.

If we are to become competitive as a nation, if we are to have social equity, if we are to foster sustainable development, we have to put the people at centre stage.

The development of the human potential must be the most important investment that any nation could make for the long term. And it can only be achieved when people are free to learn, to think, to express their views and to decide on their own choice of government and to engage in the economic enterprise of their choosing.

There are some encouraging signs. An education reform bill has been passed. Human resource development has become something of a mantra in policy circles. And in the midst of this crisis, the word **“human”** has been given the kind of prominence that it never received just a few years ago. In the press and in seminars, we read and hear about the human impact of the economic turmoil, the imperatives of promoting human security and human development. If there is a silver lining in the dark cloud of the crisis, it is that it has put the human agenda at the top of our development priorities where it rightly belongs.

Perhaps, despite all our efforts, we will never be able to rid our societies of inequality and injustice. But at the very least we can offer our peoples more equal opportunities for bettering their lives and livelihood. And there can be no

better means of providing such equal opportunities than education and human resources development.

When we speak of education, it should not be confined to the formal schooling every child receives. Our attitude towards education and its role in economic development must reflect the changes in today's world. Education should not be seen as a process that is completed upon receipt of a diploma or degree. Education must be a life-long process both in and out of school. Our higher education has to be geared towards producing independent, critical thinkers, not just workers and bureaucrats as required by national development objectives as determined by the State. Students have to be encouraged to question authority and not to settle for rote-learning and accepting the wisdom of their teachers. Education needs to become more than a ritual, a license to a good job and a good life. Learning must become second nature, a habit that we instill in all our people from childhood onwards.

I regret to say that here in Thailand, in spite of all that has been said about its importance, education has been given short shrift. It is a well-known fact that the rate of functional literacy in Thailand is lower than in some of our less-developed neighbours. Unfortunately, education has now become too much commercialised and politicised. Teachers and lecturers nowadays care more about making money than passing on knowledge and thinking skills. Universities and colleges now care more about increasing enrolment than about producing quality graduates. Despite claims about the decentralisation of education, the setting of school curricula is still very much in the hands of the central government, making them rigid, often times outdated, and unresponsive to real-world needs. I do not mean to be harshly critical but I am simply stating some of my concerns about the present state of education in Thailand.

But the main point that I should like to emphasise with regard to education as it relates to the current economic crisis is the question of ethics and values. Human resources development is not simply about instilling marketable skills and knowledge.

We need not remind ourselves that the problems besetting our economy were not due just to the failure of our financial institutions. At the heart of it was the erosion of moral standards, the excessive value placed on a culture of profligacy and consumerism, the cosy relationship between businessmen and politicians, the abuses of public trust and the lack of transparency and accountability in both the corporate sector and government. Human resource development means that we must restore personal responsibility and moral integrity to the economic development equation.

This is, of course, more easily said than done. But the crisis has shown us that not doing it carries an extremely high price. The renewed interest in Buddhist social values as a result of the crisis appears to be a step in the right direction. By drawing upon the traditional strengths inherent in our culture, we can restore our moral compass and use it as a guide in managing change, rather than let change overwhelm us and cast us morally adrift.

Perhaps more important than the various economic reform measures being undertaken is the need to build into our political, economic and social systems a standard of ethics based on the concept of good governance. Good governance, as far as the public sector is concerned, means a government that is transparent, responsive and accountable to the people. It must put the public interest before the interest of certain individuals or of certain specialised groups within society.

Good governance does not stop at governments. Accountability and transparency must also be demanded of companies and all others that exert a disproportionate influence in public affairs.

I have no doubt that if good governance is going to become a permanent fixture in our society, it must come through effective leadership. Those in positions of leadership must set an example and show responsibility, vision and vigour - qualities which I believe are the very essence of good governance. It is also necessary to bear in mind that leadership means more than convincing and inspiring others to follow you. Leadership is also about inspiring others to be the best that they can be, so that if you inadvertently lead them down a blind alley, they can find their own way back and set out in the right direction. And that is what human resource development is really about.

The way forward from the current crisis is to critically rethink our policies and priorities. We need to strike a balance between competing priorities. We need to focus on the fundamentals of economic development. We need to reconcile our traditional strengths with the power of the global economy. The way forward requires our nations, individually and in partnership, to work towards the promotion of sustainable development - through good governance in both the government and corporate sectors, through effective leadership and through protecting the diversity and abundance of nature.

Most of all, we need to remind ourselves that modernization is not development. The objective of development is not to have bigger buildings and more expensive cars. Development is about uplifting the material and spiritual well being of each individual in society. And that is best accomplished not by a top-down approach, but by empowering each person to make the best of his circumstances and determine his own destiny. Only then can we truly realise our potential as individual human beings and fulfil our common aspirations as members of the human race.