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## TDRI suggests East Asian countries form a fund to take on modern economy

BANGKOK, 16 October 2009 (NNT) – An academician at the Thailand Development Research Institute (TDRI) suggests East Asian nations to spearhead a drive to establish an intra-regional reserve to cash in on the US's economic difficulties.

TDRI Academician Emeritus Chalongpob Susangkarn said in his speech on “Modern World Economy and Constriction of Thailand” at the 5th National Conference of Economists, that fluctuations in the modern economy are often seen due to extensive speculations in the financial and stock markets which are difficult to manage. Each country therefore needs to immune themselves against a crisis repetition.

Mr. Chalongpob suggested the countries in East Asia which have plenty of reserves, to jointly establish an inter-regional financial organization and form of a common fund. The move could enable the regional grouping to control the global interest and exchange rates, used to be controlled by the US dollars. He proposed that the central banks of the East Asian countries meet every three months to show regional competence.

As for the Thai economy, he said it is still difficult to clearly confirm the recovery. He cited as example a case in which GDP recorded a 4.5% growth yet farmers' income remained in a negative region. He reckoned that the government's economic stimulus scheme has not yet achieved its goal as it failed to revive private sectors' investment. If the scheme is continued, public debt may consequently rises, from the present 45.35% of GDP.

According to Mr. Chalongpob, impacts from the subprime lending crisis are also more difficult to solve than that from the 1997 economic crisis. He attributed the slow recovery to serious contraction in exports. Thailand needs to shift its dependency on exports and put greater emphasis to governmental investment and production efficiency. In promoting the creative economy, the government needs to emphasize the use of local raw materials while encouraging domestic consumption as a way to drive the country's economy.

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