

January 2016:

As part of the *Café Insights* series of interviews with inspiring speakers, The Insight Bureau recently caught up with Dr Thitinan Pongsudhirak before the end of 2015 to hear his views on the region's economy. He is considered by journalists, diplomats and leaders in business as the 'go-to' analyst on Thailand's politics and macro-economy, as well as for key developments in the ASEAN region.



AV: Well, hello and welcome to another in the series of Cafe Insights. I'm Andrew Vine, CEO of The Insight Bureau and today it's my pleasure to be in conversation with Dr Thitinan Pongsudhirak from Thailand, who is a leading political commentator on Thailand and Southeast Asia. He teaches international political economy at Chulalongkorn University in Bangkok and also directs its Institute of Security and International Studies. So, welcome to Singapore.

TP: Thank you.

AV: Nice to see you. What brings you here this week?

TP: I have some meetings, academic conference on peace and conflict in Asia, so I am presenting a paper on Thai Cambodian border conflict over this ancient temple and then seeing some family friends.

AV: Terrific! So tell us a little bit about the work that you do; you teach, you're writing -- I know you are prolifically writing in the international press.

TP: I do a portfolio of things; my main job, of course, is teaching. I teach a couple of courses per semester but beyond that I do some research, academic articles; I also write opinion articles in international newspapers including columns in *The Straits Times*, *Bangkok Post*; some consulting projects, some research projects, so, a portfolio of different tasks.

AV: And I know every time I look in the paper you are quoted when it comes to topics on ASEAN or Thailand. I remember just recently seeing your commentaries in the *Nikkei* were honoured in the last SOPA awards

TP: Yes, that was a pleasant surprise so I've been writing op-eds all my life since university. I've written over, in my lifetime, over 800 op-eds over the last 30 years. It's my genre; I didn't intend to be an op-ed writer per se but it has got into me, I got into it and people say that I'm good at it. I wish that I write more academic works but some people say I have written enough so overall it was a nice surprise to get recognition from the Society of Publishers in Asia for some of my opinion pieces.

AV: And it's no surprise that when it comes to investment conferences, and business forums as well, you are called upon to deliver speeches and client briefings, that's how we work together of course.

TP: I like the world of ideas; the reason I departed from journalism and joined academia is because of working with young people, working with ideas, reading, writing, research -- that's what I intend to do with my life so I'm lucky that I have been able to convert that into some policy implications, some consulting advice and so on, and it has enlarged my portfolio of things.

AV: Great; so when it comes to Thailand -- we are sitting on the outside, looking in and it seems that Thailand is in a perpetual state of crisis. How do you see Thailand's future? What's the end game here.

TP: Thailand is going through a prolonged, protracted end game. The dilemma it has is that it has to find a way to reconcile a monarchy-centred hierarchical society with a democracy-centred new political system. So when the political order in Thailand was still going through the cold war, it relied on the role of the monarchy and the military to hold the place together, but there's no more cold war; it's the 21st century where democracy and human rights and elections are undeniable, so it has to find a way to recalibrate. The transformation that Thailand is going through pivots around the royal succession, and that has everything to say and play for. So, once this happens, I hope and I think that Thais will find a way to compromise and to find a way forward together.

AV: The observation is, especially from the Thai business and international business, that the economy is going on as normal -- it doesn't seem to have been affected.

TP: There has been some decoupling of the political cut in drastic crisis with the economic performance but there is a limit to it. Eventually if this lasts much longer, if the political crisis goes on forever, for a long time, indefinitely, it will have an impact on economic performance. But Thai economy has a lot of shock absorbers. I think that the key areas, ingredients going for Thailand are 3 things; first is it's got a good location. Despite trying to shoot itself in the foot so much, Thailand manages to expand, its economy grows, it's not contracting. Other countries that have gone through this kind of political turmoil would have had a lot more difficulties. Second, I think it has a critical mass, it's a market of 67 million of Thais but it also has more than 3 million migrant workers from Myanmar, several hundred thousand from Laos, Cambodia, Southern China, so overall on any given day, this market in Thailand has 75 million people. Beyond that Thailand is not just Thailand, Thailand is mainland Southeast Asia so I think that the location with the critical mass, hard working people, very resourceful, good talent, I think that is what is going to save Thailand from itself. You know, people are pretty resilient themselves, not just the economy. People are resourceful, they are hospitable and they find a way of moving on, getting up and moving on, so I think that is what is going to save Thailand.

AV: Clearly what was a big shock, and what I worried would put a lot of foreign investors and other people off, was this bomb that went off at the Erawan shrine.

TP: The bomb blast on August 17th was a wakeup call that Thailand is not immune to a terrorist incident -- it was a clear terrorist event -- and it shook us up, but the evidence suggests so far that it is not jihadist, Islamist state kind of terrorism, it is a grievance of the Uyghur connected to the China governance and the promises that the Chinese government made to the Muslims in Xinjiang, and they are taking it out on the Chinese in Bangkok so, so far we see this as a kind of an aberration -- it's not a new pattern of terrorism in Thailand, and we intend to keep it that way.

AV: You are also concerned with looking at the whole of the region not just Thailand of course, it is supposed to be at end of this year that the ASEAN Community, the economic union as such, is coming to fruition but we're not there are we?

TP: There's a lot of rhetoric and hype around the ASEAN Community 2015, so what was agreed on paper is far ahead of what we can see in reality. We can see that Southeast Asia has several concentric circles of integration and connectivity. I see that in the broader ASEAN there's an ASEAN community driven by political security community, economic community, socio-cultural, but a lot of it

is just government driven, rhetoric from the government and officials. On the ground, ASEAN still relies mostly on outside partners for its trade and investment. Intra-ASEAN trade and investment is still limited. Now, at the same time, you can see that in mainland ASEAN -- Cambodia, Laos, Myanmar, Thailand, Vietnam and Southern China -- they form a Greater Mekong sub region that has huge potential and that is being integrated, connected and market driven, not by any agreement, not by the rhetoric but by actual events on the ground. So I have a lot of hopes in that. Between mainland and maritime, I think the mainland is showing some signs of integration that is very encouraging and hold promise for the future. Overall, ASEAN for Thailand, for mainland is good but I think that you have to be discerning and you can see that in mainland Southeast Asia we're seeing a lot of expansion.

AV: There are a lot of international businesses are looking -- hoping -- that ASEAN will be a formidable growth engine; they need more than just China and more than the hope than India to be driving the whole of Asia Pacific.

TP: ASEAN is a good hedge for investors all over the world but China has been huge news but now China I think, has hit a kind of a saturation point, plateau, is slowing down a bit and it has some internal problems that it is coming to terms with, and coming to grips with these problems will mean that it will slow down and you don't want to put too many eggs in the China basket. There's India but ASEAN offers a market of 625 million people, 2.5 trillion GDP and beyond just ASEAN as a whole, mainland Southeast Asia also offers a market of 350 million people with over 1 trillion GDP, so Southeast Asia is the place to be, China is very big and huge but you don't want to be too much in China and not enough elsewhere.

AV: Generally when you look at the whole region, and when you look at security issues as well, the relationship with the US is one thing, but relationships with China is significantly more important.

TP: We are seeing in the global system a profound power shift and power transition. This happens every once in a while; we see the rise of China eclipsing in some areas, the eminence of the US. The US has a staying power, but China is rising. We have to find a way that they can accommodate; they can still live and reside in the same neighbourhood. For Southeast Asia this is very difficult because the maritime countries tend to be more sympathetic, can leaning towards the US, whereas the mainland countries are going for China and in China's orbit. Overall the global system is unravelling, the system that we've had since World War II, the institutions -- you look at IMF, you look at the World Bank, you look at the Bretton Woods institutions -- it is becoming more of a system of self help; you look at the trade area, more bi-lateral FTAs for example, the Doha Round is dead. So this is something we need to find international rules and institutions that need to be reinvented and accommodate and provide space for all the key players. If you don't provide enough space for china, they are not going to be satisfied, that is why they have AIIB for example, you have to find a way to accommodate that. At the same time you have to retain the role of the US because it provides a balancing mechanism for our region.

AV: Well it's all very fascinating. I know you said at the beginning of this interview "how can I possibly cover this ground in eight minutes instead of three hours". Thitinan, it's great to see you, thank you very much for having a quick conversation with me an all the best as you go back to Bangkok tomorrow.

TP: Thank you very much, Andrew.

<http://www.insightbureau.com/ThitinanPongsudhirak.html>