Financial Restructuring in Thailand

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Introduction
I am delighted to be here and would like to take this opportunity to share with you some reflections on my experiences with financial sector reforms. Naturally, many of my observations are drawn from the Thai experience but they could easily apply to a number of other countries in the region. The fact is that Asian societies-regardless of their size or level of development-are seeking to rebuild better and more resilient economies. Restructuring has become the catchword of crisis-struck countries.

Restructuring, however, encompasses a wide array of activities, ranging from shutting down defunct institutions to rehabilitating weak corporations. But while there are differences in methods throughout the region, the broad strokes of the various restructuring strategies are not much different. For a start, the region has to get busy clearing away the debris left behind by an explosion of non-performing loans. NPL, for non-performing loans, is now an well-understood acronym not only among bankers and in financial circles, but also among industries, government and the media. In Korea, Kamco has successfully organized several loan auctions. Our friends in Malaysia and Indonesia, Danaharta and IBRA, have also been quite active.

Thailand's Experience
Of course, in Thailand, the Financial Sector Restructuring Authority or FRA has had to face many hurdles but we have managed to steadfastly push ahead. Thus far, we have already disposed of roughly 60% of our US$22 billion portfolio with the completion of four loan auctions. In June of last year, the FRA conducted its first auction and sold US$1.4 billion in hire-purchase loans for a recovery rate of 48%. In the second auction, which came in August, residential mortgages worth almost US$650 million were sold for 47%.

Just recently, the FRA sold the bulk of its portfolio through two rounds of business loan auctions. For the first round, held in December of last year, the FRA auctioned off US$4 billion in business loans for a recovery rate of 25%. Much of the portfolio-about US$2.7 billion-went to Goldman Sachs under a profit sharing arrangement.

The second round was conducted in March of this year, when business loans worth nearly US$6 billion were sold for 18 cents to a dollar. Of the US$6 billion, a little more than US$4.5 billion went to the Asset Management Company (AMC), an agency of the Ministry of Finance that was established at the same time as the FRA to act as the "purchaser of last resort". To pay for the loans, some of which were brought under
a cash flow sharing scheme, the AMC was allowed to issue notes of various maturities to the FRA.

To date, the FRA has already received nearly US$4 billion from the disposal of various assets with a total Outstanding Principal Balance (OPB) of roughly $13 billion. This corresponds to an average recovery rate of 30%. On a book value basis, foreign investors purchased 42% of the assets sold, while local participants account for 58%. These figures are worth noting, especially in light of the Thai media's accusations that some government agencies are conspiring to sell the country cheap to foreigners.

Next Steps
Going forward, the FRA will have to auction approximately another US$9 billion in assets, comprising loans to retail business and construction industry, some margin loans, as well as discounted bills. We should complete the asset disposition phase some time between June and August this year at the latest, just in time to beat the Y2K bugs. The FRA will start distributing proceeds to creditors of the 56 finance companies in November. That will be followed by legal dissolution of the suspended finance companies. By this time next year, I should be well on my way to a blissful retirement—so for next year, the Asia Society should send a speaker invitation to the Chairman of the AMC.

While financial specialists and professional investors regarded what had been achieved by the FRA as real progress, there were strong political backlashes from those who suffered from the speedy, impartial and transparent measures of the FRA auctions. There have been political and media firestorms against the FRA for the last 5 months. The authorities, however, took advantage of the situation to shift the focus from disposition of distressed assets to revitalizing the banking sector. Indeed, the problems banks faces are much more severe. As a matter of fact, the loans extended by the 56 finance companies under the care of the FRA accounted for less than 15% of the total loan portfolios in the system. Viewed from this perspective, it may take considerable time before the debt overhang in the system is properly resolved.

To restore the viability of the financial system, it is absolutely critical to adequately recapitalize banks as well as restructure the non-performing loans. Ideally, recapitalization and debt restructuring should go hand in hand. But the reality is that Thai banks have undergone several rounds of capital infusion since the crisis broke, but have made little progress with debt workouts. Allow me to give some facts and figures to illustrate.

Bank Performance in Thailand
Since 1998, fifteen Thai commercial banks have raised over Bt600 billion or US$17 billion in Tier 1 and Tier 2 capital, equivalent to roughly 75% of the estimated total recapitalization requirements. Recapitalization has been achieved by various means
such as converting debt to equity, issuing common shares to both local and foreign investors, and introducing hybrid products like Stapled Limited Interest Preferred Shares (SLIPs) and Capital Augmented Preference Shares (CAPs), which combine subordinate debt and preferred shares. Banks and their financial advisors certainly deserve high marks for their creativity in raising new capital.

Debt restructuring, on the other hand, has been excruciatingly slow. NPLs have fortunately stopped growing, thanks to lower interest rates and, as we speak, account for 47% of total loans. However, no more than 10% of the NPLs have been successfully restructured so far. This leaves another US$70 billion in bad loans to be worked out. That's a lot of loans considering that at the height of the frenzied growth in credits, there were roughly US$29 billion in new loans each year. Even without the experience of a credit officer, I can well imagine that it is much easier to approve new loans than to resolve problem loans.

These figures very clearly illustrate that the strategy of Thai banks is to make provisions for bad loans first, then restructure bad loans. There is nothing wrong with such a defensive strategy but recapitalization requirements—and the pains from dilution—would be much less if banks would only be more determined in debt restructuring. Therefore, how quickly the health of the financial system is restored depends on whether banks seek to buy more time through further rounds of recapitalization, or become more resolute in restructuring bad loans.

**Positive Trends & Cautionary Notes**

Even with the new amendments to Bankruptcy Laws, the remaining legal impediments, and the lack of experience in debt-workouts, the recapitalization strategy is working well at this time, thanks to improved investor confidence in the economy. Investor optimism is probably at an all-time high since the turmoil in the currency markets. This is reflected in the spread of Thai sovereigns over US Treasuries. The last time I looked, spreads have narrowed to some 185 basis points, after ballooning to 1,000 basis points in August 1998. By way of comparison, Korean issues are trading at a spread of 220 basis points, while China and the Philippines are seeing the spreads of their sovereign bonds establishing at around 195 and 320 basis points respectively.

Thailand's country ratings have also improved. At the end of last year Moody's rated Thailand at Ba1, on par with Korea and the Philippines but still below China, which was assigned an A3. The barometer is indeed indicating a clear sky ahead as earlier this month Moody's upgraded its outlook for Thailand from stable to positive.

It does seem that the financial system is safe for the moment, as banks have been able to remain afloat by successfully boosting their capital adequacy ratios. But financial institutions have yet to reach terra firma. We all know that market sentiment is an
untamed beast of fickle moods and is prone to panics. Moreover, many fund managers and bankers insist that money "never forgets". If this is true, renewed uncertainty could prompt funds to flow out of Asia again and prevent financial institutions from completing further recapitalizations. This would severely disrupt the restructuring process and jeopardize the already precarious position of banks throughout the region.

It is not my intention to sound pessimistic, but I certainly would like to underscore the fragility of Thailand's financial reforms. Admittedly, this warning does seem misplaced given the recent rally in the stock market -especially in the banking sector- and the improvement in economic indicators. Nevertheless, gains from bank restructuring are at risk unless accompanied by more fundamental changes.

**Fundamental Changes**

When referring to "fundamental changes", I have in mind changes that extend deeper than superficial modifications of institutions or re-engineering of standard practices. To be specific, social norms must be changed as well. This is because throughout Asia, social forces converge to shape economies in ways that cannot be understood in terms of economic facts and figures alone. In Thailand, four social evils, namely cronyism, collusion, corruption and complacency-or the "four modern horsemen of the Apocalypse"-have spread to all levels of the economy. These pervasive four evils have undermined the integrity of the financial sector and slowed subsequent restructuring.

We all know how rampant cronyism led financial institutions to extend massive amounts of loans to connected parties, most of which were for financing ill-conceived or highly speculative projects. To make matters worse, corruption among lending officers and senior management undermined an already weak credit control process. In most developed economies, such unsound practices would have been detected and punished, but collusion between the financial community and some people in authority, not to mention weak supervision, allowed these debilitating practices to go unnoticed.

But perhaps the most damaging of all was the complacency generated by decades of economic growth and fat interest spreads. Just before the crisis, Thai leaders from both the public and private sectors held a self-congratulatory view that Thailand would soon join the ranks of the newly industrialized countries. The financial community actually believed that Bangkok would soon become another regional financial center, and according to some political rhetoric, would one day provide serious competition to Singapore and Hong Kong.

Unless these perverse social aspirations are kept in check, bank restructuring-or any form of restructuring for that matter-will be ineffective and gains will be short-lived. In my opinion, therefore, current bank restructuring is necessary but hardly a sufficient condition for sustained economic recovery. It is relatively simple to change
the 'brick and mortar' structures to give the banking industry a new façade and maybe slightly more difficult to introduce new banking practices. But throughout history, even social revolutions-let alone financial crises-have often failed to change the cultures and values of a society.

Take Russia for example. Over the past two hundred years, the country has undergone social upheavals and experimented with various types of political, social and economic systems. Like Thailand, Russia changed its form of government in the early part of this century and has achieved economic progress and modernization over the past several decades. However, the "rule of law" has not changed, open competition is not the "name of the game", and you still need strong connections for large business deals. Russia is still struggling precisely because its real social values and accepted norms have not changed much in two centuries.

Investors, particularly those from non-Asian countries, must determine to what extent bank restructuring is complemented or hindered by social values. If the "rule of law" still remains weaker than the "rule of men", Thai banks will return to their old ways despite the restructuring efforts. Banks may be recapitalized and there may be new management, but the social norms may still be the same. In this case, another crisis will be inevitable.

While I was gullible enough to become Chairman of the FRA, I am not so naïve as to believe that cronyism, collusion, corruption and complacency can be easily eradicated from Thai society. But I do believe that extending reforms to the civil service and education system can control these four modern horsemen of the Apocalypse. Efforts must be made to redesign these two systems, which lie at the very heart of Thai society.

Those of you who follow the news in Thailand will have undoubtedly heard about the protests by employees of the state enterprises against the government's privatization plans. Of course, there is the issue of the unemployment of tens of thousands of workers, but driving this propaganda are the fears among well-placed officials of many state enterprises-the fears of losing the opportunities to extract grafts, commissions and special privileges. The fact is, the current civil service system is a hotbed of the four evils I have just mentioned. If reforms, such as privatization, create new environments that make it more difficult for corruption-as well as other vices-to thrive, changing cultural norms and social values will be more easily accomplished.

Civil service reform, although a necessary impetus for social change must be augmented by reforms in the country's educational system. After all, civil servants-including state enterprise employees-account for less than 10% of Thailand's workforce. To achieve sweeping social change, educational reform is necessary. In order to compete in the global setting, new generations of Thais must be taught how to think and how to get things done. And as proper values such as honesty, hard work,
patience and respect for the rule of law are gradually instilled at the grass roots level, new behavioral norms and values will be nurtured by society.

Therefore, reforms of the civil service and the educational system that can create new social frameworks to embrace and foster proper values and social norms are the long-term solutions to Thailand's problems of cronyism, collusion, corruption and complacency. But even if you do not believe in my social analyses, civil service and educational system reform will yield substantial economic benefits. At the very least, they will make the banks and industry more competitive. Increased competition will, in turn, make the banks and industry more resilient and ensure that the recent recapitalizations and restructuring do not go to waste. Thailand might even realize its dreams of becoming a sub-regional financial center, providing a new economic paradigm for Laos, Cambodia, Vietnam, and Burma.

We all are convinced that the region's current restructuring exercises are on track. But we have perhaps neglected to pay closer attention to the social context in which the restructuring is taking place. Whether it is the media firestorms to slow down the FRA or the maneuvering to block privatization in Thailand or the tension between powerful chaebols and the government in Korea, social issues will determine the effectiveness and sustainability of reforms. Yes, Asia wants better economic systems and a more just society and, yes, restructuring will help us achieve our goals. Let us, however, not forget that the effectiveness of restructuring will be governed by cultural norms and social constraints.

**Question & Answer**

1. You talked a lot about the social norms and cultural aspects of Thai people and the reforms that need to be done. As you move forward to debt restructuring - in terms of the Thai culture among the bankers - what kinds of changes, what kinds of attitudes do you think Thai bankers will need to take in order to have a more active dialogue with their borrowers? In order to make sure that debt restructuring does proceed more quickly.

AMARET SILA-ON: To get the restructuring or reorganization to be effective, both the people who do the restructuring and the people who are being restructured have to agree on the basic framework that restructuring means change for the better. Many times we see a lot of so-called restructuring efforts, which end up as a cost making exercise. There is no real change. Real change means that the debtors have to agree to bite the bullet. Also, the creditors have to bite the bullet because a lot of haircuts may have to be taken. Without sacrifices on both parts, there will be no real restructuring. There will be a lot of cosmetic exercises. The people in the financial circle understand which one is real and which one is not. The more real restructuring we have, the better the economy will recover and the quicker it will recover.
2. On the bankruptcy law reforms that are taking place in Thailand, could you comment on where the reform is now and how you would like to see it continue?

AMARET SILA-ON: This is a move which has brought real change because it was very hard for both sides, the people who want to change and the people who didn't want to see any changes. In the end, we have come up with a new legislation on bankruptcy, which should effectively cut down the period of restructuring if there is no real bankruptcy. The bankruptcy act was really designed to rejuvenate the businesses that can be saved. The real restructuring period should be cut down from five years to about one and a half years at the most. Right now everything is in place, even the new bankruptcy court. There are about 60 judges that have been assigned to work in this court. They have to be retrained, which is a process that is going on now.

3. How are you retraining those judges, I wonder? That's a big job.

AMARET SILA-ON: Well, most of these judges are people who have been working on business cases or taxation cases for the last 15 to 20 years. So, they understand business. All they need is to get training on business practices. The people in the judicial circle told me that it should not take more than 3 to 4 months to get them up to speed.

4. The "four horsemen" that you talked about, you addressed them through the idea of changing attitudes and changing the educational process in Thailand. That sounds like to me something that takes a long time, a generation perhaps. Are there other ways that the process of changing attitudes can be accelerated?

AMARET SILA-ON: Changing attitudes is really the result of a series of experiences. You can talk about being honest. When there is a chance for someone to make a few million bucks quickly by being slightly dishonest, then it's difficult to be honest sometimes. So, it's really changing the social norms. For example, if I drive a car and get caught by a policeman who doesn't know who I am and I get a ticket, what do I do with the ticket? Normally, the man in my position would give it to my secretary who will give it to some contact in police and nothing would happen. Now, do I do that or do I go to the police station and pay the fines? When 95% of the people have been doing this for ten years, to change the norms to being straightforward and honest will take time. It is the function and responsibility of the leaders in society to try to bring change. The leaders should know that without these changes, a society like Thailand cannot compete in the global setting.

5. Are there any government servants who are taking the initiative in speaking out on these things in newspapers and on television, or is it only journalists? Are there any such people who are leading the charge to make the society at large aware of these problems, as simple things are the root of the problems over the last 22 months?
AMARET SILA-ON:
There are people like that but they are few and far between. When I see people mounting charges like you said-getting on the white horse and charging at the windmill-I would try to slow him down. I don't want these people getting killed. I think society needs these people. So, there are people who try to do the right thing, and people who make moves in the right direction. We have to be careful that we preserve these kinds of people and give them the experience and the time with the necessary support from elders like us. We need to get them to do the right thing, but at a slower pace than a lot of people would like to see.

6. Given the problems that you just mentioned, who would take the initiative to reform the civil service and education? Will it be the government, the universities or respectable people like you?

AMARET SILA-ON:
Sometimes, in a society, when you see something which is wrong, it may be beneficial to society in the short run. But you know that it is wrong and it will destroy society in the long run. It is the responsibility of people who have better judgement and people who are leaders to initiate something that will deflect society from the wrong path. I guess it is the responsibility of the political leaders, social leaders, educational leaders, businessmen, people who have made a lot of money and now think "I will do something for society." There are a lot of people like that. They have to be encouraged and they have to be drawn into the circle that affects changes in society. For example, Khun Anand Panyarachun, former Prime Minister of Thailand, is doing a lot of things to try to steer society into the right channel. So that one day we will be a society where rule of law prevails. That is not going to happen overnight, it takes time.

As I said, the key elements in society-not only in Thailand but also in many societies particularly in this part of the world-are honesty and effectiveness of the civil service. If you have a civil service which is honest but not effective, then you are not getting anywhere. If it is effective and dishonest, then you probably have more trouble. We have to try to build an honest and effective civil service, which you have here to a large degree in Hong Kong. This is the kind of model that a lot of societies in this part of the world should try to pattern themselves after.

The second thing is more pervasive and much more difficult to handle, which is changing the educational system. In the east, perhaps because of the Buddhist tradition-in the old days 2,500 years ago, there were no written words-the words of the Buddha had to be memorized. Memories or the ability to recite from memory are highly valued in Asian societies. We still teach everyone to memorize everything and rote learning is still the norm in most elementary and secondary schools in this part of the world. I think we have to change that. We have to teach at least a substantial
percentage of students to learn how to think, not to accept things as they are now and not to expect things as they are told. Computers are now obsolete within 18 months. If you put a first class brain through a four year university today and all he does is memorize everything, by the time he graduates, he will be 2 ½ times obsolete. That's no way to create leaders for your society. We have to change the educational system in Thailand.

7. Is the civil servant salary level in Thailand very low? If yes, any plans to operate like Singapore and Hong Kong?

AMARET SILA-ON:
The efforts to change the civil servants' pay started during the Anand government and to a large extent it has been brought up fairly near the private sector mean pay scale. It's not enough yet, but I think efforts are being continued. If you keep your ears to the ground, there are a lot of things that the Civil Servants Commission is trying to bring changes to. The present government is supporting the idea of trying to revitalize and reorganize the civil service.

8. You explained very convincingly how power interests get in the way of getting rid of these "four horsemen" as you called them. But I wonder how successful you think you and others like you have been so far in convincing society at large that there is a need to get rid of them. What is the state of mind of the Thai population right now? Do people appreciate that unless these "four horsemen" are done away with, it will be difficult to compete in the world as you put it? Is there still a sense that somehow the system basically works and we just had a minor problem and we can get on with things as usual?

AMARET SILA-ON:
That's exactly what I have been saying, and I have not only been saying that here but to a lot of Thai audiences. I don't know how many people believe me, but about 10 years ago I started speaking out against the education system. I spoke out against the fact that Thai students, when they graduate, don't know how to think. I used to recruit a lot of people 10 to 15 years ago. I noticed that even the most willing graduate, if you ask them an unusual question -something they can't read from books or their teacher hasn't taught them- they just stop dead. They don't know how to answer. That means that we are not really exploiting the talents that we have. So, one of the things that we have been trying is to get the leaders in society to change the way we train our people.

To change the education system, one of the keys is the quality of teaching and the way the teachers think of themselves. You can't change a person's behavior unless you change his attitude. Teachers in Thailand and I guess in many Asian societies view themselves as a center of knowledge: "I know everything." If a student challenges a teacher, particularly in the classroom, then he will get put down. That means if you assume the teacher knows everything, in 5 generations your best mind will know
about 80% of what the teacher knows today. Knowledge gets degraded after a while. So I try to convince people that the role of the teacher should be changed from one of being the most knowledgeable to someone like Alex Ferguson, the coach of Manchester United. He is not the best player, but he is probably the best coach.

So the question of education is for the teacher not to be the most knowledgeable person but to be the best coach. How to bring out the best talents in your students? If we can change the attitude of the teachers, I think we will solve most of the problems.

9. Khun Amaret, allow me to reiterate my friends' and colleagues' admiration. [Inaudible] You mentioned that while recapitalization of the Thai Banks has been successful to date, the actual restructuring of those banks-and the renegotiating of the nonperforming or in some cases of performing loans-has been less than adequate, almost nonexistent. As investors, what can we do to encourage banks to renegotiate those problems? What can you and your colleagues in the government do to encourage the banks to take the bitter medicine and renegotiate those loans so that these companies can be recapitalized?

AMARET SILA-ON:
Well, the most powerful motivator in Thai society is fear. I don't think you can motivate a banker to reform by love. You have to use fear as the motivation. The bankers have to use fear to get the debt restructuring when they are in a work out session; to point out the alternative option if the debt is not restructured.

The government has to do the same with the bankers, and society at large will have to do the same to the government. The government also has to answer to the people. When we talked about the people, it's really the leaders that we are talking about. It is the responsibility of the leaders to bring changes to society. Let the leaders know what is the right way to go and get the government to do what it is supposed to do. Of course, whoever is in power will try to hold on to their power without losing popularity. Some of the right measures will lose them some popularity, but they have to learn how to balance it. It's all really complex right now because society is now much more open than 20 years before. We just have to learn how to work in this new environment. I just don't know what will happen to Indonesia in the next 10 to 20 years. In my view Indonesia is just going through what Thailand went through in 1973.

10. Can you elaborate on that?

AMARET SILA-ON:
Well in 1973, we had a student revolution and the military regime was brought down. For 3 years we had a high degree of democracy. After 3 years, the military came back, re-took power but with a better face. The military leaders of that generation were wise enough not to go back to the old ways like the Burmese did. They know they can't go
back to the old ways. They have to come up with new solutions and also because we were lucky to have kind leaders like General Prem who was working for the country rather than for the military or a narrow group of interests. We have gone ahead with the right type of democracy, where we are now today. I think in ten or even twenty years’ time, if Indonesia can be where we are today, they would be lucky.

11. I like to congratulate the FRA for their pioneer efforts in selling off state assets. It is clear that in your pioneering work, you were the first to travel the road and there were many others doing the same thing. What is the one lesson that you learned from your work at the FRA and what would you impart on your colleagues?

AMARET SILA-ON:
Mistakes that I've made which are now apparent to everyone, are that I underestimated the backlashes of the people who will have to be restructured. We have calculated roughly that the people who lost a lot as a result of the suspension of 56 finance companies number less than 10 thousand. This includes debtors and shareholders of 56 companies. For some reason, they have been able to grab hold of the levers of power and in particular the media, to work against the FRA and its transparency principle. They have been able to slow down the work of the FRA. I think a lot of people are losing their nerve because of the strong political and media attacks. Hopefully, I can get things done by August so that there will be no more attacks. But this is one of the things that my colleagues have to grapple with. How do you handle the political and media interference in your work? The other mistake that we have made is that we were probably too impatient to try to sell off everything as quickly as we could. Sometimes we over-reached and tried to get things done too quickly. As a result there were problems which could have been avoided.

12. How much of the impatience is because of IMF or some such foreign organizations' pressure?

AMARET SILA-ON:
I don't think there is much resentment of the IMF. It's just a word that some people use. People in general don't resent the IMF. They know that this is something that the country has to do. In large, people support the government's efforts to do the right thing, to restructure the financial system. When you do the right thing and you are a neutral person, the people that agree with you don't say anything. The people who are against you have a lot of things to say.

13. Khun Amaret, the "four horsemen" are not restricted to Thailand alone. They thrive in a number of countries, to the North, to the South, to the East and West. Traditionally in Thailand, the Bank of Thailand was seen as the ultimate defender against the "four horsemen." Has that institution become strengthened in the last 5 to 6 years and what do you think are the major reasons for its lack of effectiveness over the last 10 years?
AMARET SILA-ON:
You are really trying to get me in trouble! I like the current governor of the Bank of Thailand, and I think he is a tremendous fellow. I think he is the right person for the job at the moment. But, the problem with the Bank of Thailand mainly was complacency. 10 or 15 years ago, the Bank of Thailand was really a model for most developing countries to aspire to and those days were good. They were really good. A tease when they were beginning to open up the system without putting in adequate subsystem support. They started to get into trouble. The proliferation of finance companies for example is one of the causes of problems. As in any old organization, when you try to do new things, sometimes you can't find the right people to do it. You think you have time, but in fact you don't have time. So, the Bank of Thailand probably started deteriorating maybe about 10 years ago when we had financial problems and they were not rectified properly. The problems became worse rather than better and leaked into the banking system. Things went from bad to worse. I think the combination comes from when we try to free up the system with the BIBF and when people can get cheap money from abroad and don't think they have to repay it. Then you have this kind of problem. So, the Bank of Thailand is aware of what their weaknesses are and they are addressing that problem now. They are going through a lot of wrenching reorganization and realignment. There is a lot of new blood being injected into the Bank of Thailand. Hopefully, if the Finance Ministry leaves him alone to get the right job done, I think we have hope for the next 5 or 10 years.

14. Khun Amaret, a lot of the things you talked about have actually been experienced in the United States or Europe, maybe a hundred years ago or even more recently. The "four horsemen" or the education problems, etc. But I think interestingly in Asia, the resolution for these problems has somehow been mounted as a battle between Asian and Western values, as opposed to a normal course of development that countries go through when they develop. I am wondering how much more difficult that battle has been built up, and maybe it is not what the battle is about. How has that made it more difficult for people like you when you fight that battle?

AMARET SILA-ON:
I think this is a natural turn of events. When people in power or people who have control of properties are under threat, they will fight back. It is more convenient for people on both sides to blame someone else. Like blaming the devil for all of your problems. It is a fight between two groups of people, one who wants to change and the other one who wants to stay the same. They will use all sorts of tricks to get their way. Blaming foreigners is one of the tricks that the people who don't want any change will try to use. The people who want to change the system of society are not going to defend the foreigners. The real struggle is between people who know that unless we change we die and people who feel "I don't want to change if I die."
15. This is a follow up question on that same issue. You mentioned complacency a number of times. Now with the rise of the stock market, do you feel that's intensifying complacency, and that the soul searching you are calling for is going to fade away? Are more and more people saying things are "Okay" and we like the way we do things, so we don't have to change?

AMARET SILA-ON:
The stock market has gone down yesterday. I haven't checked today. So, it's going up and down. I don't think there is enough steam in the stock market and certainly not enough changes in infrastructure to support a bull market for the foreseeable future. I don't think we need to worry too much about that. It will go up and down, just like any stock market. I don't think you will see a real trend until maybe 3 to 4 months from now, when the real estate sector will start to move. Right now the real estate sector is still in the doldrums and the stock market is just trying to take a lead, but without real change in the infrastructure or the basic elements, I don't think it can get very far. As far as I am concerned, I don't think complacency will come back to the Thai leadership in the next couple of years. I don't think they have any cause to be complacent about anything. Most of the leaders in social, economic or political circles are now well aware that they have to change if they want to take the country up another level or even to survive at the level we are at now. Complacency is not a factor to be worried about. But, the other three factors are important and have to be addressed.

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