

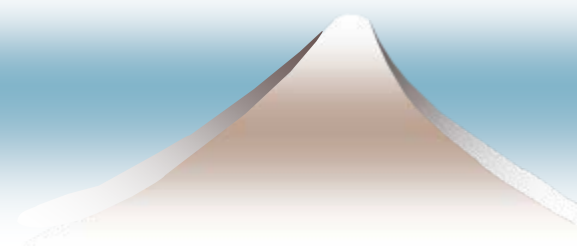
How Can Asia Develop in a Socially Sustainable Manner (ie. Equitable and Inclusive)?

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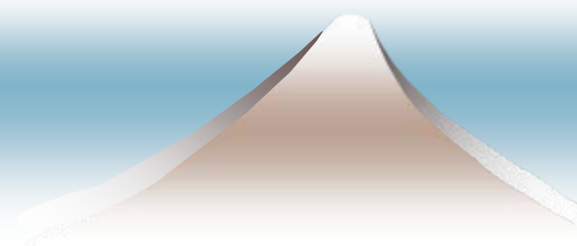
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1. Introduction: Why the Question?

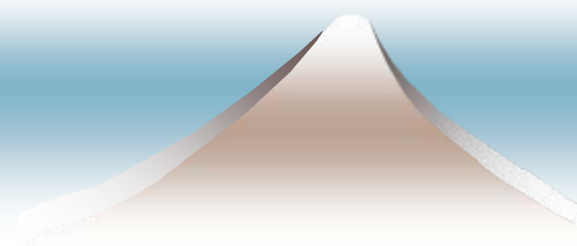
- ◆ Explanation of the rapid growth of East Asia economies by the World Bank in its 'East Asian Miracle' can be further clarified
- ◆ Yet the small size of income of developing Asia still poses catch-up problem;
- ◆ More importantly, the already high and /or growing inequality can be real obstacle to long-term growth



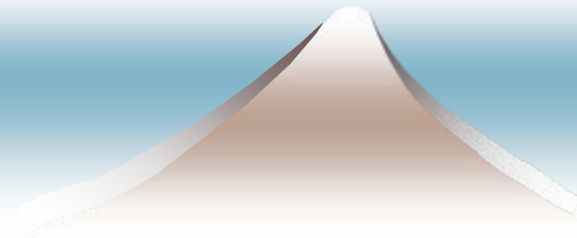
- ◆ The Asian economic crisis in the late 1990s showed that poverty could return quickly and inequality got worse because the poor were more vulnerable to job losses from the crisis, and the concern for economic inequality did not receive adequate attention during the time of prosperity, resulted in the non-poor and the better-off being able to protect themselves during crisis, leaving the poor to be worse off.



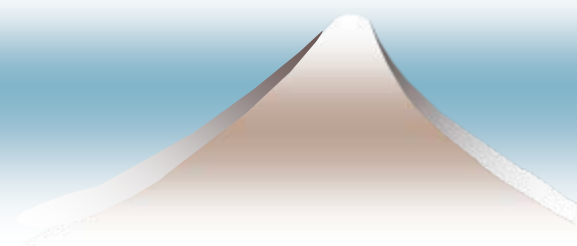
- ◆ Socially Sustainable Development (SSD) transcend economic boundary into other aspects of social development as well. To be included are: (1) various varieties of political freedom (first few articles of the UN Declaration of Basic Human Rights); (2) environmental and natural resources management; and (3) good governance both in public and private sectors.



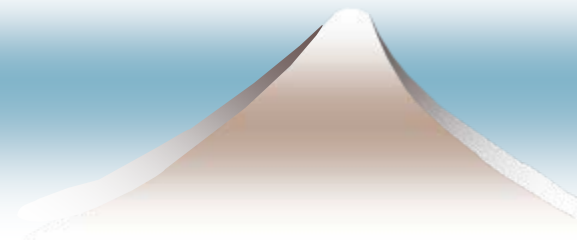
- ◆ Difficulties in attaining SSD
- ◆ (1) Government exploits the poor through handouts and populist policies in exchange for their political votes;
- ◆ (2) Growth takes priority over other economic policies for the government's own short-term image;
- ◆ (3) Income inequality will become more important to poverty problems as the economy grows, but this is often neglected;



- ◆ (4) More equitable and inclusive developed countries are more attuned to maintain and improve the existing economic and social conditions in the countries, whereas the politicians in less developed countries with serious equity and inclusiveness problems are less inclined to do anything to harm their favoured social and economic positions;
- ◆ (5) Environmental preservation can be a luxury public good that the poor can not afford;

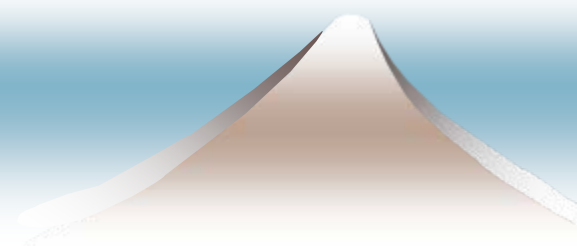


- ◆ (6) As science and technology are important for long-term growth, they may be beyond the grasp of developing countries;
- ◆ (7) Corruption is more prevalent in less developed than in more developed countries, and this slows long-term growth;
- ◆ (8) “Living beyond One’s Means” is often the problem of less developed countries.

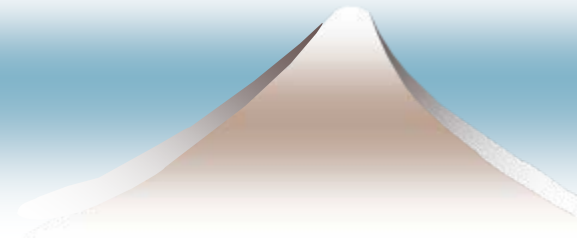


2. Meaning of Socially Sustainable Development (SSD)

- ◆ The Brundtland Commission defines Sustainable Development as “...development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. This is a further challenge to the Club of Rome’s Limits to Growth.



- ◆ Many scholars have tried to define SSD and other similar concepts such as Inclusive Growth in their own ways such as DFID and Justine Lin Yifu.
- ◆ It is possible to define SSD by extending the original Brundtland concept to include 3 more layers of requirements or conditions, namely Political Development, Governance, and Cultural and Spiritual Lifestyle.



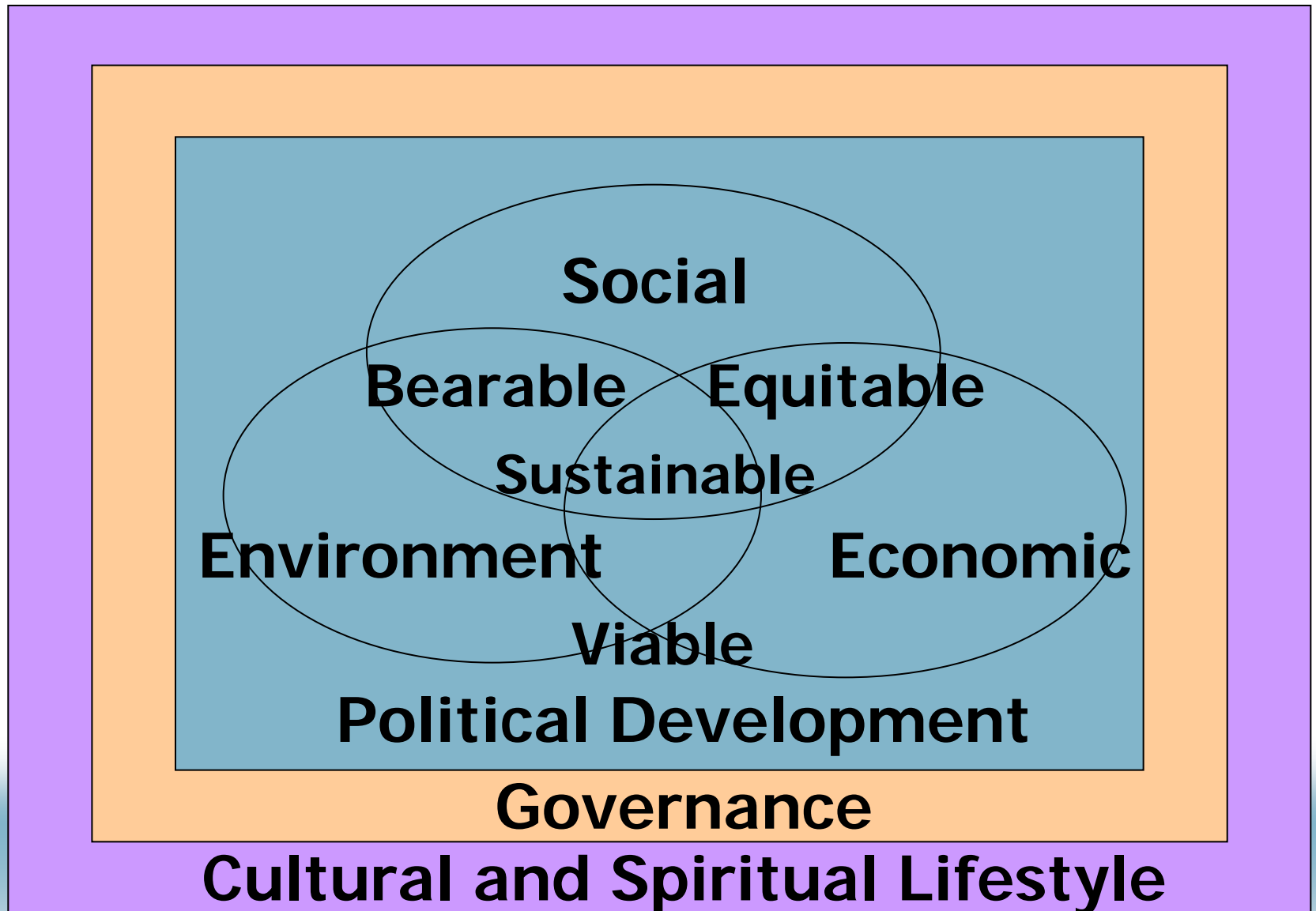
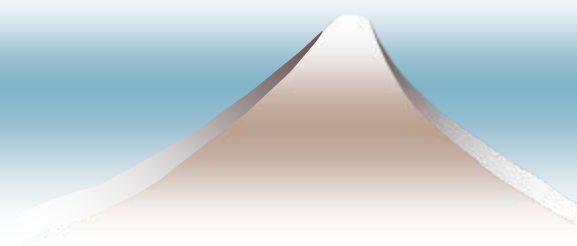


Figure 3 : Scheme of Desirable Socially Sustainable Development


- ◆ Thailand's National Economic and Social Development Board (NESDB) has adopted what can be called a long-term socially sustainable development indicators consisting of (1) healthy life, (2) adequate education, (3) harmonious family life, (4) good working life, (5) satisfactory income and income distribution, (6) good governance, and (7) good environment.



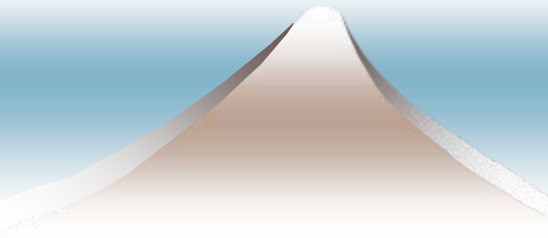
3. Patterns of Growth and Income Inequality in East Asia

- ◆ We want to refer to a study on the relationship between growth and income distribution in selected countries in East Asia (by Medhi Krongkaew and Ragayah Haji Mat Zin) which found that the 8 countries selected (China, Indonesia, Korea, Malaysia, Philippines, Singapore, Thailand and Vietnam) have shown similar patterns of fast economic growth in their recent past, and this can be attributable to their market-based development policies, but the recent income distribution has shown a trend of increasing inequality. This study serves as a reminder of serious inequality problems in Asia.

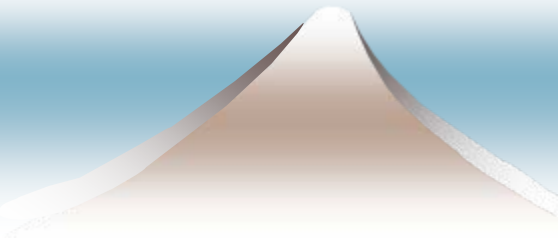
4. The Ways Forward for SSD in Asian Economies

- ◆ Based on our understanding of the current situations in Asia (especially East Asia), we want to suggest 8 ways forward to reach socially sustainable development:
 - ◆ (1) Growth Through Market-Based Efficiency and Competition: market mechanism will lead the economy, with the government providing appropriate role in correcting market failures and supplement with necessary social and other economic policies.
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- ◆ (2) Smart Anti-Poverty Policies: Poverty can be categorised into demand-side or supply-side, and each can be dealt with separately then together through general economic growth and macroeconomic stability, specific sectoral policies that target the poor (pro-poor policies), and provisions for safety nets for the poor.
- ◆ (3) Greater Efforts to Tackle Income Inequality: Trade-off between growth and equity may be experienced, but attempts at pro-poor policies could be optimal balance between the two. In many Asian economies, distribution policies are now the most critical of long-term development policies.



- ◆ (4) Capacity Building for the Nation: A well-educated and skillful nation is more likely to have a socially sustainable development. However, human resources development and capacity building policies must be carefully designed so that the most efficient resource allocation can be achieved.
- ◆ (5) Transparency and Integrity in the Whole System: Incidence of public sector corruption is said to vary with level of development. A long-term sustainable development, therefore, calls for honesty and integrity both in the public and private sectors.



- ◆ (6) Realistic Environmental Preservation Policies: No fancy policies here, but the poor people will be regarded as full participants in the realistic environmental protection and preservation policies. Optimal balance between the use of natural resources for livelihood and the future preservation of those resources and the environment may have to be considered.
- ◆ (7) Basic Satisfactory Political Mechanisms and Arrangements: While basic political rights must be provided, the people must be capable of awareness of their rights and duties, and not to be fooled by populist policies of politicians. Political development must not be neglected.

- ◆ (8) Sufficiency Economy Could be the Answer: A new development concept is being practised in Thailand. The concept or philosophy of Sufficiency Economy stresses 3 elements of long-term socially sustainable development: Moderation in the people's lifestyle, the reasonableness in their decisions, and the needs to immunise themselves against future shocks and uncertainties in life.

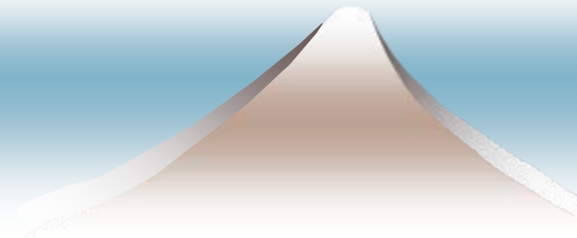
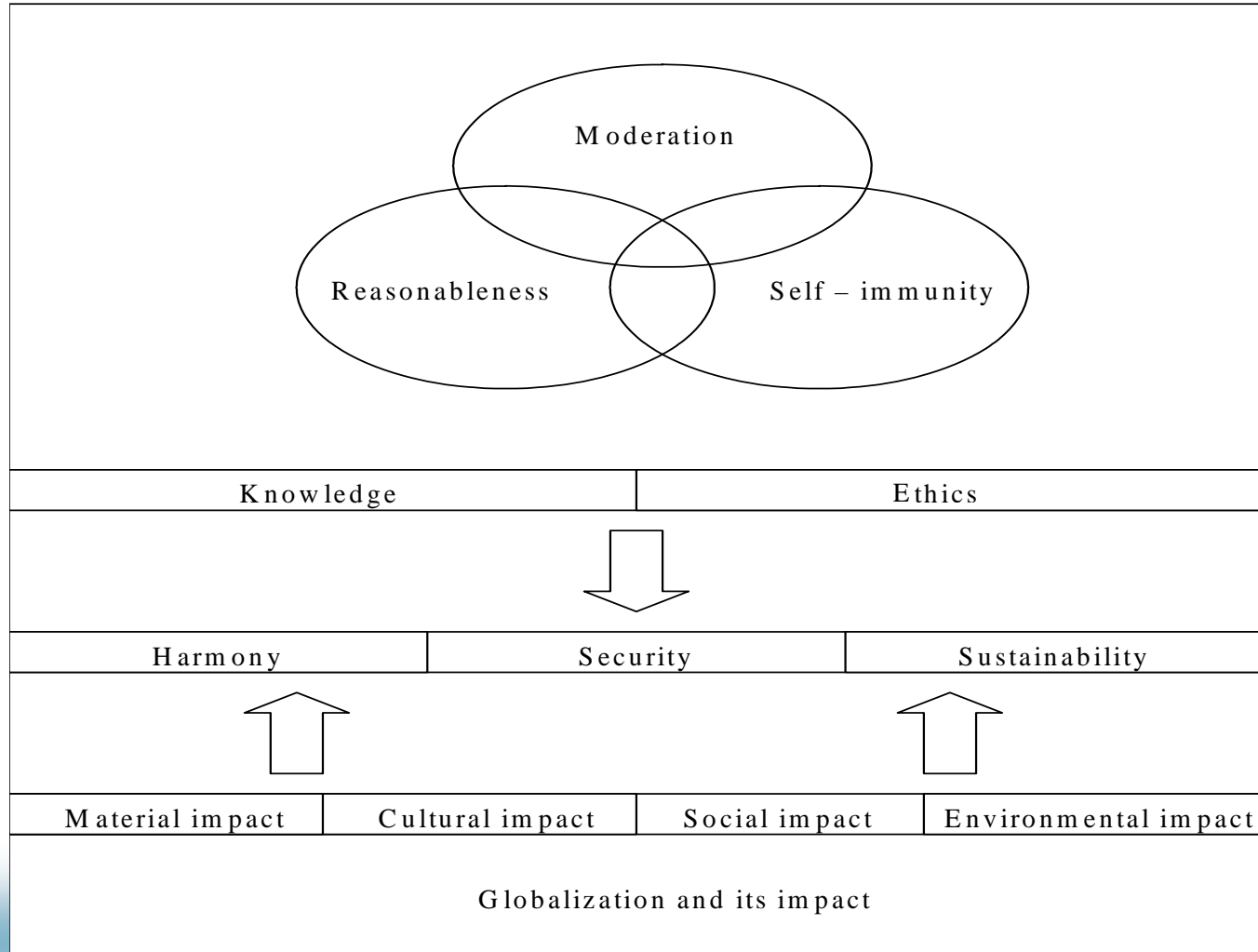


Figure 3 Sufficiency Economy and globalization



◆ Questions and Answers

