



4th ECONOMY OF TOMORROW (EoT) REGIONAL FORUM

Bubbles, Booms & Busts: How to promote a Balanced Growth Model to curb economic instability?

**Novotel Ploenchit, 566 Ploenchit Road, Lumpini, Bangkok 10330
25-26 February 2013**

Organized by FES Thailand in collaboration with
the Thailand Development Research Institute (TDRI)

BACKGROUND & OBJECTIVES

The global financial crisis has called the model of financial capitalism into question. Deregulated and ill-supervised financial markets threw the world economy into disarray, causing what has been dubbed “The Great Recession” in developed countries. Over the past decades, volatile boom and bust cycles have time and again thrown entire economies into “lost decades” after economic collapse. Emerging countries in Asia have been better prepared for the recent crisis, and have managed to regain growth momentum. However, with its major export markets in recession, the early hope of “de-coupling” from developed economies has proven to be overly optimistic. The inflow of “hot money”, which could potentially undermine export competitiveness and fuel real estate bubbles, also shows that Asian economies are still vulnerable to external shocks.

There is a growing sense all over the world that the growth path of the second industrial revolution has come to an end, and that a new development model is needed. The objective of the Economy of Tomorrow (EoT) project is to bring together economic thinkers and decision makers from China, India, Indonesia, Japan, South Korea, Thailand, Germany, Poland and Sweden to analyze common challenges, share experiences and sketch the outlines of an alternative development model. Participants in the first three inter-regional EoT fora have already achieved consensus on several key points. In Bangkok, participants called for the end of GDP fixation, and suggested that three-dimensional, qualitative growth is needed to produce the conditions for a “Good Society” with full capabilities for all. The “Seoul Consensus on Socially Just Growth” recommended a balance between supply side and demand-driven economic policies. In order to address what was analyzed as a lack of aggregate demand, higher income equality is needed to boost domestic consumption demand. The “Delhi Consensus on Dynamic Green Growth” highlighted the higher efficiency achievable by decoupling the “old economy” from energy and resource

use. With a view of advancing the third Industrial Revolution, the opportunities of green growth need to be fully embraced.

The 4th EoT Regional Forum in Bangkok will discuss the challenges posed by unstable growth in boom and bust cycles. Economic thinkers from Asia and Europe will share experiences with financial market regulation, capital controls, social partnerships and macro-economically coordinated monetary, fiscal, wage and exchange rate policies. The objective is to identify a mix of policy guidelines that could lead to more stable and balanced growth.

Forum Objectives

- To share knowledge and experiences on challenges and models of economic growth
- To develop ideas in order to further refine/complement the Economy of Tomorrow model
- To start formulating policy recommendations in the dimension of stable or balanced growth
- To agree on the next steps for collaboration within the regional Economy of Tomorrow network

FORUM AGENDA

SUNDAY 24 FEBRUARY

18.00 Welcome reception (meet in the hotel lobby)
 Hyde & Seek Restaurant, located behind Novotel

MONDAY 25 FEBRUARY – Ruam Rudee Ballroom, 9th Floor

09.00 – 09.30 Guest arrival and registration

09.30 – 10.00 **Welcome remarks**

Update and recap on the Economy of Tomorrow regional project

- *Mr. Marc Saxer, Resident Director, FES Thailand*

Progress of the Economy of Tomorrow project and network in Thailand

- *Dr. Somkiat Tangkitvanich, President, TDRI*

10.00 – 10.45 Session One

Keynote – Promoting balanced growth in emerging and developed economies: the visions, realities and challenges

- *Dr. Sebastian Dullien, Senior Policy Fellow, European Council on Foreign Relations; Professor at HTW-Berlin University of Applied Sciences & Co-author of “Decent Capitalism: A Blueprint for Reforming our Economies”*

Moderator: Dr. Somkiat Tangkitvanich, President, TDRI

10.45 – 11.00 COFFEE BREAK

11.00 – 12.30 Session Two

Bubbles, Booms and Busts: The inherent instabilities of the financial capitalist model

- Experiences from the Asian Financial Crisis and the Global Financial Crisis
- What drives bubbles? Current dangers and outlook in EoT countries
- How to curb external vulnerabilities?

Dr. Stefan Collignon, Professor of Political Economy, Sant' Anna School of Advanced Studies; International Chief Economist, Centro Europa Ricerche, Italy

Dr. Le Dang Doanh, Former President, Central Institute for Economic Management & Member of the Prime Minister's Advisory Board, Vietnam

Dr. Yin Xingmin, Professor of Economics and Deputy Director, China Center for Economic Studies, Fudan University; Director of the Shanghai Economic Association, China

Dr. Ram Gopal Agarwala, Expert Economist, India

Moderator: Dr. Felix Schmidt, Resident Director, FES India

12.30 – 13.30 LUNCH – The Square Restaurant, 8th Floor

13.30 – 15.00 Session Three

Taming the Tiger: How to provide sufficient capital for productive investment while curbing the risk of speculation?

- i. Financial Market regulation
- ii. FDI or domestic capital driven growth?
- iii. Capital control and currency regimes

Dr. Pham Lan Huong, Former Head of Research on Macroeconomic Policies, Central Institute for Economic Management, Vietnam

Dr. Kim Ho-Gyun, Professor of Business Administration, Myunggi University, South Korea

Mr. Tirta N. Mursitama, Associate Professor of International Political Economy, Bina Nusantara University, Indonesia

Moderator: Dr. Michael Langer, Asia-Pacific Department, International Cooperation for Development, FES in Berlin

15.00 – 15.15 COFFEE BREAK

15.15 – 16.45 Session Four

Keeping in Shape: How to boost public investment while balancing strained budgets?

- i. How to keep budgets balanced and foreign debt manageable?
- ii. Industrial Policy? The role of the state as a path setter
- iii. Pro-growth Investment: Coordination or Free Market?

Dr. Sethaput Suthiwart-Narueput, Chairman of the Board, Thailand Future Foundation & Managing Director, The Advisor, Thailand

Dr. Atul Sood, Associate Professor, Centre for the Study of Regional Development, Jawaharlal Nehru University, India

Mr. A. Prasetyantoko, Economist, Atma Jaya Catholic University, Indonesia

Moderator: Dr. Yoon Jin Ho, Professor of Economics & Dean, College of Economics and International Trade, Inha University, South Korea

16.45 – 17.00	Wrap-up of Day 1 discussions <i>Mr. Alexander Rosenplaenter, FES Shanghai</i>
17.00 – 17.30	Free time
18.00	Dinner & Drinks (meet in the hotel lobby at 17.30) <i>Su Tha Ros Restaurant & The Speakeasy, Hotel Muse</i>

TUESDAY 26 FEBRUARY – Ruam Rudee Ballroom, 9th Floor

09.30 –10.00	Introduction to Day 2 and objectives/method of the working groups <i>Ms. Sonja Schirmbeck, FES Vietnam</i>
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10.00-11:30	<u>Session Five</u>
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WORKING GROUPS

How to achieve stable and balanced growth?

1. Which growth drivers trigger stable and balanced growth?
2. What should be the strategic aims the public and private sector need to focus on in order to trigger growth drivers?
3. Which governance tools/policy instruments have proven useful in achieving strategic aims?

Moderators: Mr. Marc Saxer (FES Thailand), Mr. Daniel Reichart (FES Indonesia) & Dr. Felix Schmidt (FES India)

11.30 – 11.45	COFFEE BREAK
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11.45 – 12.45	Presentations of Working Group discussions
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12.45 – 14.00	LUNCH – The Square Restaurant, 8 th Floor
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14.00 – 15.00	<u>Session Six</u>
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The Bangkok Consensus on Balanced and Stable Growth

- i. Presentation of the discourse matrix (Dimension 2)
- ii. Discussion and consensus finding

Mr. Marc Saxer, Resident Director, FES Thailand

15.00 – 15:30	<u>Session Seven</u>
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The Way Ahead

- i. Working together in the regional network: publication series and the next Economy of Tomorrow Regional Forum
- ii. The national EoT processes: experiences and suggestions

Mr. Daniel Reichart, Resident Director, FES Indonesia

15.30	COFFEE SERVED
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Forum Ends