

EIR Special Report

The Kra Canal: A short pathway to industrializing Asia

by Linda de Hoyos

“The building of the Kra Canal would be a great economic achievement. More profoundly, it would be an even greater moral achievement, to which every present and future member of Thailand could point with pride: ‘Our nation built that.’ If the United States could contribute to making that project a success, I would be proud of my country on that account.”

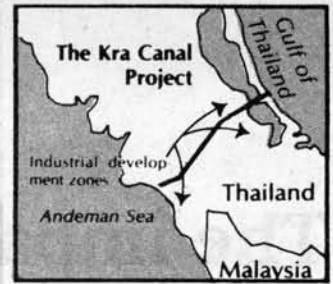
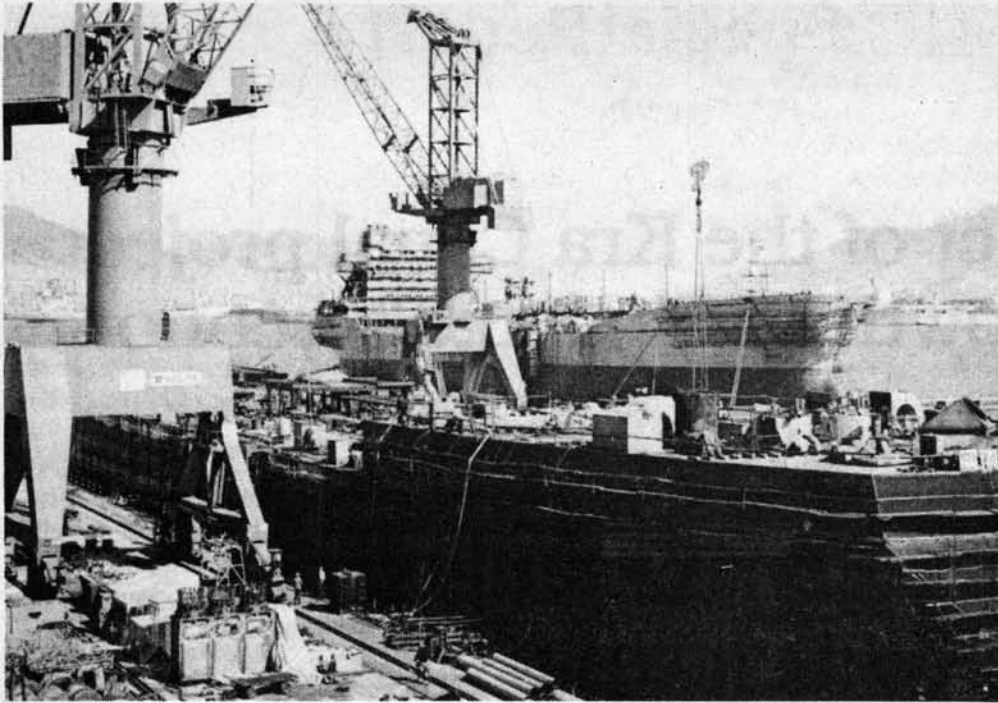
Lyndon LaRouche, *The Pivotal Role of Thailand in the Economic Development of Southeast Asia*

On Oct. 31, more than 200 Asian and American businessmen, professionals, and government officials are gathering in Bangkok, Thailand, for two days of deliberations on the feasibility of building a canal through the Kra Isthmus of Thailand. The outcome of this conference, sponsored jointly by the Thailand Communications Ministry, *Executive Intelligence Review*, and the Fusion Energy Foundation, may well determine whether this great project will be built or not.

If Thailand is to become a fully industrialized economy, the answer will be a definite yes.

As the report presented here shows, Thailand and all the non-communist nations of Southeast Asia are at a crucial watershed. All of these countries—Thailand, Singapore, Malaysia, Indonesia, and the Philippines—have advanced beyond the point of being mere agrarian economies. With the exception of the special case of Singapore, each has managed to reduce its agricultural labor force and increase agricultural productivity. The question is now whether they can muster the political determination to follow the model of Japan and South Korea to industrialization, or whether their hard-won growth is allowed to slip in the face of escalating debt, poor terms of trade, and lack of basic infrastructure.

The Kra Canal is the shortest route to the goal of industrialization—not only for Thailand. As the hub for new trade, new industry, a new superport, and new cities, the Kra Canal will be the engine for development in the entire region. For Japan and South Korea, the canal will reduce the time required for vital transport of raw materials and oil for industry; for India, the canal has the potential to



The construction of a canal through Thailand's Isthmus of Kra would cheapen world shipping costs and promote the development of the region as a whole, while allowing Thailand to overcome the structural deficiencies of its economy. Shown here is a shipyard in South Korea.

revitalize the industries of West Bengal and India's other eastern states; for ASEAN, the canal will be the focus for increasing economic cooperation to everybody's benefit and provide the vital infrastructure-building that industrialization requires.

But, as the paper by Lyndon LaRouche cited above emphasizes, the construction of the Kra Canal has far broader implications.

Since approximately August of 1983 and the murder of Philippines opposition leader Benigno Aquino—followed quickly by social upheaval in Pakistan, the downing of the KAL-007 flight, the Rangoon bombing-murder of most of the South Korean cabinet, and the Sikh insurgency in India—Asia has exploded into a new arc of crisis. Under conditions in which the "old 18th-century methods" of imperialism are continued in their new guises—the International Monetary Fund, the Agency for International Development, the World Bank—the developing nations are helpless against the destabilizations thrust on them by primarily outside forces.

As LaRouche states: "The issues of national security and economic development are so interdependent that one cannot speak efficiently of national security without economic development, and cannot speak of economic development without addressing vital matters of national security.

"In a period such as the present period, in which the major danger to continued existence of developing nations comes from various kinds of separatist insurgencies, there can be no effective national security unless the nation has strong internal defenses against the spread of those kinds of cultural and religious movements which organize these insurgencies. The long-term line of national defense against foreign-steered

separatist insurgencies must be the strengthening of a sense of national consciousness and of common national culture among the various regions and strata of the population."

The failure of the United States to recognize this crucial point is the primary devastating flaw in U.S. foreign policy. As Malaysian Prime Minister Mahathir pointed out in a speech in Washington last spring, the United States ignores the economic development of a country, perpetuating the conditions that cause unrest, and then comes in too late with the guns.

The work of LaRouche and his collaborators over the last year to revive the idea of the Kra Canal points the way to a new approach in the conduct of U.S. foreign policy. After serious consideration by the Thai government and leading American and Japanese businesses in 1973, the Kra Canal was tabled when the oil shock knocked down world trade. The idea was picked up again in the late 1970s by Japan's Mitsubishi Research Institute and incorporated in its Global Infrastructural Fund. It was given new impetus a year ago with LaRouche's publication of a 50-year program for the development of the Indian and Pacific Oceans basin.

Last October, the *EIR* and the Thai Communications Ministry launched the debate on the Kra Canal with a conference in Bangkok. The debate has been building steadily since. Now, with representatives of nearly every country in the region attending or speaking at the conference on Oct. 31, the Kra Canal has been placed in the forefront of the region's economic agenda.

The following reports summarize a more detailed study conducted by the FEF and EIR staffs; principal contributors: Peter Rush and Sylvia Brewda.