

ering several crises during the first ten months. The devaluation makes that most unlikely. "We should not have blocked these golden opportunities," Mr. Ob said.

At the announcement of the devaluation, the electricity generating authority of Thailand (EGAT) shouldered an immediate loss of eight billion baht, declared EGAT's general manager Kasem Chatikavanij, known to be fervently in favor of Thailand pursuing nuclear power, but who is lately despairing as a result of repeated obstacles created by the Malthusian lobby in Thailand. EGAT alone bears a total of \$2 billion in foreign debt, a third of which is in U.S. dollars.

Because of the devaluation, EGAT will be forced to curb its expansion plans. The intended annual investment of one billion baht to boost power supplies will have to be curtailed. Among other key development projects, Kaeng Krung Dam and Saiburi Dam in the South, both requiring expenditure of about 5 billion baht, may be delayed. The Nam Choan Dam, long the target of the zero-growth faction, will most likely suffer the same fate.

Environmentalists in Thailand don't look like they do in the United States or Europe. You won't find "friends of the earth" youngsters demonstrating. But like the United States or Europe, you will find the more dangerous Malthusians, those sitting right in the building of the NESDB itself. There is a faction here that hates dams with a passion, and although EGAT deputy general manager Kamthon Snithawanond warned that the south would face a power shortage if the project were not implemented, they managed to veto an EGAT project to build a hydroelectric power dam at Surat Thani which would have been able to generate 300,000 kilowatts. The economic planning institution said the dam was unnecessary, since the petroleum authority of Thailand had already planned to pipe natural gas to EGAT's power plant in Nakhon Si Thammarat.

Interview: Boonchu Rojanstien

'A medicine issued only to the dying'

The following is an interview with Mr. Boonchu Rojanstien, president of the Siam City Bank of Thailand, and a former deputy prime minister for economic affairs, conducted for EIR on Nov. 9 by Sophie Tanapura.

EIR: The International Monetary Fund (IMF) and the World Bank are known to favor devaluation as a solution to all economic ills, and they have been repeatedly advocating the

line that the baht is overvalued. Do you think they are involved in this decision?

Boonchu: I am not sure they are involved [in the] to devalue the bhat. In any case, even if they were, we don't have to follow the instructions of the IMF and the World Bank. Their comments are only suggestions.

EIR: Do you agree with the present bhat devaluation policy as an attempt to solve the balance of trade deficit?

Boonchu: We have always tried to improve our foreign earnings from sales of merchandise, services, and capital flow. I frankly do not perceive any need to revert to a purely monetary policy when other measures taken to improve our foreign earnings position already registered success. [Thailand's record 3.87 billion dollar balance of trade deficit of last year is expected to decline to an estimated figure of about 3.5 billion dollars this year—ed.]

To resort to a monetary measure is always easy. It is like using penicillin and antibiotics indiscriminately. It is resorting to an all-purpose medicine without caring much about the side effects on the ordinary men and women in the street. . . . One of these side-effects is a rise in prices, which, in turn, forces us to practice price controls, something we have always tried to avoid. State intervention through price controls is going to destroy economic competition. . . .

We have had bad experiences once with such policies and we seem not to have learned our lesson.

EIR: How do you evaluate the way in which the government is dealing with the side-effects of the bhat devaluation?

Boonchu: That is precisely the point. Had the government prepared the devaluation policy in a responsible fashion, they should have immediately announced a set of measures together with the devaluation policy, measures designed to deal precisely with pretty predictable side effects. But, as you can observe, the government was not prepared to handle the ensuing consequences. The fact that they were not prepared will lead to an unending series of problems. For example, let's look at the problems that are likely to follow price-control policies. There will be disruption of production capabilities, creation of conditions for a black market. . . .

Had the government really prepared such a devaluation in advance, they should have already weighed both the advantages and disadvantages. In such a case, advantages should outweigh the disadvantages. It is not enough for the government to keep repeating that the measure was necessary. The fact that it did not have a set of measures ready to offset the negative side effects of the policy shows that the government acted irresponsibly, causing hardships for others.

As you know, a monetary measure is one to be implemented only when others have failed. It is like a medicine one administers to the dying. If one is already supposedly on the death bed, then the real reasons for the devaluation, this bitter medicine, should be at least disclosed.