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## Interview: Paisal Thawachainan

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# The World Bank's 'privatization of industry' is ruining Thai economy

*Paisal Thawachainan, an electrical engineer, joined the Metropolitan Electricity Authority (MEA) of Bangkok in 1959. He founded the first trade union in Thailand in 1972, at MEA. Two years later, Paisal founded what was then the only federation of Thai trade unions, and became its president. When a law was passed in 1976 demanding the registration of trade union federations, Paisal founded and registered the Labor Congress of Thailand (LCT) the following year.*

*In 1982, a conflict broke out within the LCT between Paisal and Ahmad Kamtheshong, and Paisal split from the LCT to form the Thai Trade Union of Thailand (TTUC). The TTUC is now the largest trade union in Thailand with 120,000 members.*

*Paisal is a supporter of the great infrastructure project to build a canal through Thailand's Kra Isthmus. He has said that the project will result in the "expansion of industries, and more jobs will be created." "This will not only be for the benefit of Thailand," said Paisal, "but also of the neighboring countries as well."*

*This interview was conducted on June 14 by Pakdee and Sophie Tanapura.*

**EIR:** How do the World Bank and the International Monetary Fund (IMF) dictate economic policies in Thailand, and what impact do these policies have on the Thai economy?

**Paisal:** At the end of 1983, the World Bank forced the Thai government to implement its fifth plan to the "T," a plan in which privatization of public enterprises was emphasized. At the end of that year, World Bank representatives started to put on the squeeze, and contacted a group of university professors in political economy, to conduct a research project advising the government to sell the public enterprises to the private sector.

At the beginning of 1984, public conferences in favor of privatization were organized at the Thammasart University and other universities.

A couple of days after that, World Bank Vice President Anne Krueger came to Thailand and toured the campuses. The gist of her talks was, again, the privatization litaney. Selling public enterprises to the private sector became one of

the conditionalities for World Bank loans. Thailand would never make it, she said, if public enterprises continued to remain in the hands of the government. The public sector debt at that time was some 150 billion baht, and the government deficit itself was around 220 billion baht.

Following this open World Bank interference into the internal affairs of Thailand, the government began to accelerate the privatization process. All public enterprises were asked to map out a plan to improve their accounts. Then the government proceeded to attack public enterprises for operating at a deficit.

Many ministers personally and publicly appeared on television and elsewhere to point to public enterprises as the cause of all ills and evils in the country. Newspaper headlines such as "Public Enterprises Are Leaches" helped to build hostile public opinion, even though that year, out of 69 public enterprises, only 11 incurred a deficit. The others were profitable. They made more than 15 billion baht of profit in 1983, and earned some 7 billion in internal revenue for the government.

This is the real picture, in contrast to what the government and newspapers are saying, under the influence of the World Bank.

**EIR:** Could you name the ministers and intellectuals who were campaigning for privatization on behalf of the World Bank?

**Paisal:** I don't remember all their names, unfortunately. But I recall that almost all economics professors from different universities participated in this. Conferences were organized on campuses. Thammasart professors, especially, have written many papers on the subject. As far as I know, the World Bank had given these professors 4 million baht to conduct this research analysis in favor of privatization. Besides bankers and finance ministry officials, Industry Minister Ob Vasantana, Industry Deputy Minister Chirayu Isarangkun Na Ayuthaya, and National Economic and Social Development Secretary-General Snoh Unakul, plus many other professors, all spoke in favor of privatization at the Thammasart University conference held on Jan. 16-17 of last year.

**EIR:** Can we not say that in Thailand, ministers and in general politicians, are easy prey of intellectuals in the domain of economic policy?

**Paisal:** This is possible because many of these ministers use these intellectuals as advisers. On the other hand, some of these ministers are true advocates of privatization, because they have friends who would like to buy up some of the profit-making public enterprises. Another reason is that maybe the government feels that it needs a scapegoat, because it has been unable to remedy the economic crisis. We have often criticized the government on these issues. After having devalued the baht three times, the government has offered no other solution.

**EIR:** Do you think that the International Monetary Fund and World Bank played an important role in forcing the devaluation policy on Thailand?

**Paisal:** I am certain that these supranational institutions did play a significant role. Around October of last year, we attended an international meeting of public enterprise trade unions in Kuala Lumpur. At the Public Services International conference there, we already knew this policy was in the works, and discussed the role of the IMF and World Bank in trying to force developing debtor countries into adopting these policies. The role of the IMF and World Bank is already all too well known among us.

**EIR:** Do you think that the IMF and the World Bank have a significant influence in determining the policy of the National Economic and Social Development Board?

**Paisal:** I have kept a close watch on NESDB policies, and as far as I can see, the NESDB is doing its best to adhere to IMF-World Bank policies. This is, in fact, a very old NESDB policy. If you take a look at the first Five-Year Plan, you will see that the NESDB insisted on sticking to IMF-World Bank policies, and this is even more accentuated in the Fifth Five-Year Plan. I think that the NESDB knows that it has to adopt IMF-World Bank policies to the "T," because otherwise it would not be able to borrow from these institutions.

**EIR:** How is the privatization process taking place? Who are the intermediaries in buying up the public enterprises for private interests?

**Paisal:** Whether private interests directly or indirectly buy these state enterprises, is only a technical question. In the recent period, there have been private businessmen from advanced-sector countries coming to Thailand, contacting state enterprises and conducting feasibility studies on these firms. For instance, the case of the Communications Authority of Thailand (CAT). In 1983-84, there were foreigners who came to Thailand to contact trade unionists, even trying to buy them up if they would just collaborate and support the privatization process. As far as I know, the American con-

sultant for the CAT even went so far as to finance a feasibility study for privatization. This was a larger sum than that given to the Thammasart University professors. It was about 9 million baht.

**EIR:** What consequences do you think that privatization will have for the economy? For the consumer?

**Paisal:** There will be major repercussions on people's lives, because private business interest lies in making a lot of profit. Therefore, they will ask the consumers to bear the burden.

Take, for example, the power plants in certain regions which at one time operated as private concessions. What happened was that people started demonstrating in the streets, demanding that the government take over these concessions. The last regional Tocore electricity generating plant to be turned over to government control was that of Hat Yai/Songkhla in 1981, which had been operating as a private business concession for decades, and which, of course, had created a lot of inconvenience for everybody. The private power plant charged 4.50 baht per unit of consumption. During the day, there was no electricity! Because there were so few consumers, the company did not want to generate electricity during the day. At night, there was not enough electricity. Power shortages in certain districts created havoc. Sparan Hin, Bang-Lamung, and Sriraja were the last districts where power plants remained in private hands.

The Metropolitan Electricity Generating Authority has about 1 million clients, and we are able to service these clients quite well. What happens when a private company takes over? Will they service a client who has a power collapse in Klong, around Pathum Thani, or around Bang Bor, Bang Plee, or even Talingchun? Probably not for at least three or four days. But we can service them within three to four hours. As a state enterprise, we don't worry too much about making a profit, and we can deploy our technicians to service our clients. For a private firm, to fix a power collapse in a place that is 20 kilometers away, in an area serviced only by canals and no roads, they would probably not want to spend the money to hire a boat to fix it. But as a state enterprise, we have to go to that way-out place, because we are responsible toward people and society.

If there is privatization of public utilities, the government will come under private pressures to raise prices. We have had this experience already with the buses. We have gone into the streets to demand that the bus system be run by the government. The same thing was true for power and water plants. . . .

The most important thing of all, is that the government is selling its firms at a very low price. Take the Metropolitan Electricity Generating Authority. It is probably worth something like 15 billion baht. If we sell it, we would probably sell it for only 3 or 5 billion baht. And the remaining 10 billion baht—into whose pockets would that go? Certainly

not the government's. This will be a big loss, because the state had initially invested a lot in these enterprises.

**EIR:** Last February, the Asian Development meeting in Manila discussed the privatization issue for all ASEAN countries. In Indonesia, the press has been debating the issue as well. There it means selling the state oil industry, which they are saying is operating at a loss. Is there any coordination among ASEAN countries to protest against privatization?

**Paisal:** Among ASEAN countries, we have held a couple of meetings to exchange information on this issue in the past two to three years. Our aim is to organize international protest against the World Bank-IMF plans to privatize state enterprises.

**EIR:** Do you think the government will listen to you? It looks like the government does not have any other choice but to sell off its state enterprises. However, some ministers are saying that the government should not sell all state enterprises—only some of them. Some say there should be a joint venture between the public and private sectors.

**Paisal:** I think that we have had some impact. After 1984, we produced some posters, held meetings. The government is beginning to worry about our influence. At the same time, I think the government is probably not giving up its privatization plan, and will try to find some loopholes. Our protests have, however, made the government consider more carefully the question of privatization. I think that the problem is that this—or any other—government is in a situation where if it doesn't privatize, it will not get the funds from the IMF or World Bank. The dependency on the international financial institutions for loans has forced it to sell state enterprises selectively. Two weeks ago, the government sold some underwater mining industry. This was a state enterprise, that has been and still is operating at a profit, and it was still sold. They will start selling those that are small and far from the influence of trade unions.

**EIR:** I don't think there is a real consensus among ministers. Some ministers have expressed opposition to the privatization plan. Is there a possibility that these ministers will collaborate with the trade unions against privatization?

**Paisal:** I agree with you that there are, in effect, some ministers who may not be in favor of privatization. For instance, Interior Minister Gen. Siddhi Jirarote declared that his ministry will not sell or rent any of the state enterprises under its jurisdiction. But in any case, other ministers would probably not block the selling of state enterprises under the jurisdiction of another minister. I have already commented on this several times. In our coalition government, composed of four parties and one group (Prime Minister Prem's), not one of the parties will step on another's territory. This should not be the case, because they should remember that they form one govern-

ment, and there is such a thing as national interest, rather than thinking merely of each ministry's interest to sell or not to sell.

**EIR:** Foreign trade unions have been very interested in working with trade unions in Thailand. Have they been helpful or harmful?

**Paisal:** At first glance, you would think that international trade union organizations want to help educate trade unionists in Thailand. However, if we look at this more carefully, we can see that there are some shortcomings, because their intervention has, in fact, caused conflicts among trade unions. There is one specific foreign trade union that has used a lot of money to support a person in Thailand, a person who pretends to represent labor but in fact, does not. This interference has weakened our union work in our country.

**EIR:** How conscious are the trade unions here in Thailand of the IMF's and World Bank's interference into Thailand's internal affairs?

**Paisal:** I started speaking up against the IMF and the World Bank during the past two years. At first, people did not know much. But this year, they are much more aware of the problem. We have translated many documents for them and organized several debates and discussions. In addition, several of the workers have seen for themselves how these institutions are operating in the firms where they are working.

**EIR:** Has Mr. Ahmad of the Labor Congress Thailand spoken up against the IMF and World Bank?

**Paisal:** As far as I know, Mr. Ahmad's group has not yet brought up the question of the IMF and the World Bank. They usually prefer to emphasize questions like "revolution" and "democracy." They prefer to have an impact on the questions of constitutional amendments or cabinet reshuffle. They prefer to tackle political questions. I prefer to encourage people to think and have them understand more and more the importance of economic issues. Political education will come afterwards. As for Ahmad, he prefers to push people on "revolutionary" ideas first. This is the difference between our two unions.

**EIR:** In the United States, we are trying to get the U.S. government to pull out its support from the IMF and World Bank. Perhaps you have a message for our American readers in this regard.

**Paisal:** I am a trade unionist in a developing country and my union is not that big. I believe that American people are intelligent. What I would like to see is some exchange of information with American friends, especially if they could provide me with more information concerning IMF-World Bank policies. We in the developing sector are at the mercy of these institutions.