

Southeast Asia by Sophie Tanapura

Thailand decides for development

Japanese business interests push for the Eastern Seaboard projects, in opposition to the IMF-World Bank.

After a tug of war between the World Bank and the Japanese business interests over the past months, Thailand's long-delayed Eastern Seaboard (ESB) infrastructural development projects have finally been approved by the Thai government. The Prem cabinet's approval on Dec. 23, coming despite opposition from World Bank officials, received high praise from the American, British, and Japanese chambers of commerce in Thailand.

The Eastern Seaboard industrial complex includes such projects as the Mab Ta Put deep-sea port (\$74.6 million), Mab Ta Put industrial estate (\$14.6 million), Laem Chabang deep-sea port (\$57.1 million), Laem Chabang industrial estate (\$13.6 million), and Mae Kuang irrigation project (\$42.8 million). Soft loans from Japan's Overseas Economic Cooperation Fund (OECF) make up the single largest source of funding for the \$2 billion program. Japanese contractors, fearing their investment opportunities were being curtailed by the IMF and the World Bank, decided to lodge complaints with the OECF and their embassy.

On Dec. 17, outgoing Japanese ambassador to Thailand, Masatada Tachibana, had urged the government to go ahead with the Eastern Seaboard projects for the sake of long-term economic development. In a meeting with Sulee Mahasandana, minister of the Prime Minister's Office and head of an ad hoc committee assigned to review the ESB projects, Ambassador Tachibana warned that the Japanese government was closely watching the

outcome of the Thai review of the projects.

During the third week of December, even former Foreign Minister of Japan, Dr. Saburo Okita, known to be a Kissinger associate, was involved in influencing the Thai government. Dr. Okita, president of the International University of Japan, was in Bangkok for a mid-December seminar organized by the Thailand Development Research Institute (TDRI). He criticized the Thai austerity economists who are pushing IMF-World Bank policies as being "overly pessimistic," and saw hope in cooperation from various major countries, especially the industrialized nations.

Debate on the the Eastern Seaboard projects was led by pro-IMF-World Bank austerity economists Dr. Virabhongsa Ramangkura and his supporters in the Economics Faculty of the Thammasat University, and, on the other side, by the Japanese-connected Finance Minister Sommai Hoontrakul.

Just before the decision to approve the ESB projects, Thammasat University Economics Professor Rangsan Thanapornpan warned that the project would increase the national debt-service ratio and widen the gap between rural and urban areas. Minister Sulee of the Prime Minister's Office, backed by Prem's economic adviser from Wharton School, Dr. Virabhongsa, advised scaling the projects down. Other opponents of the ESB complex said that the scheme has ceased to be viable since smaller natural gas finds than expected in the Gulf of Thailand and falling oil prices would result in

reduced investment returns, especially in fertilizer and petrochemicals.

The much-criticized intervention of the Japanese into Thai economic policy should rather be lauded. The Japanese initiative, taken perhaps from the standpoint of their interest, is also a mutual benefit to, and in the national interest of, Thailand.

The year following the baht devaluation has been more than long enough to prove that IMF-World Bank inspired policies have totally failed in Thailand.

During the past year, Finance Minister Sommai has come under virulent attack especially from the Social Action Party (SAP), the largest and most important coalition partner in the Prem government. Sommai and Virabhongsa have worked in tandem to implement the IMF austerity policies which led to a drastic decline in Prime Minister Prem's popularity.

The stability of the Prem government is now threatened. During the first week of January, 3,000 rice farmers marched into Bangkok to protest against the collapse of rice prices. This was unexpectedly supported by pineapple growers who dumped 20 truckloads of pineapple in front of the Government House. M. R. Kukrit Pramoj, leader and founder of the Social Action Party, recently resigned from his leadership position in protest of the government's austerity policies. Kukrit has been very critical of the IMF and World Bank and of Sommai's and Virabhongsa's collaboration with those supranational institutions. At the moment of this writing, the SAP is trying to force Prem to reshuffle his cabinet or revamp the present economic orientation of the country by threatening to pull out of the government. The capacity of the Prem government to change will determine the political and economic situation for the near future.