

## Southeast Asia by Sophie Tanapura

### Agricultural problems in Thailand

*As the price of rice collapses, the fragile balance maintained following the September attempted coup threatens to join it.*

**T**hai Prime Minister Prem Tinsulanonda left on a tour of the United States at the end of September, leaving behind a myriad of unsolved political, military, and economic problems. Upon his return on Oct. 10, he was faced with a thunderous uproar from the agricultural sector, which is now threatening the political stability of his regime, following the abortive Sept. 9 military coup.

As soon as the first of the rice crop hit the domestic market, strong protests were heard as the paddy price (the price of unmilled rice) plunged some 24%, forcing Social Action Party (SAP) ministers such as Minister of Agriculture Narong Wongwan and Minister of Commerce Kosol Krairiksh to take a stand. Unable to convince their rural constituencies to further endure austerity, the SAP, a major government coalition partner, has virtually issued an ultimatum to Prem: Either the government agrees to subsidize a floor price of around 3,300 bhat per ton (approximately the price level of 1984) or SAP ministers will resign from the coalition.

SAP leader M.R. Kukrit Pramoj has declared that money must be found to finance paddy price subsidies. If the government is unable to solve the present economic difficulties, Kukrit said, the SAP has an appropriate man for every ministerial post, including that of prime minister.

The opposition Chat Thai Party has also threatened to organize a conference in Bangkok of rice millers and

farmers representing 40 provinces if the government refuses to guarantee a floor price for paddy.

Meanwhile, the technocrats surrounding Prem would rather starve the farmers, who make up 70%-75% of the Thai work force, in the name of "free trade," than not have enough money to repay debts to international creditors. These men include Minister of Finance Sommai Hoontrakul, Sommai's protégé in the fiscal office; Nibhat Bhukkanasuth, Prem's personal economic adviser, trained at the Wharton School in Philadelphia; Dr. Virabhongsa Ramangkura; Dr. Snoh Unakul of the National Economic and Social Development Board (NESDB); and his deputy, Dr. Phisit Pakkasem/ These most trusted technocrats surrounding Prem are also those most trusted by the International Monetary Fund (IMF) and World Bank to carry out whatever austerity policy is needed to squeeze the cash out of the general population in order to meet the debt payment schedule. Presently, 27% of Thailand's export earnings is allocated to debt service.

However, guaranteeing paddy prices is not a question of policy choice—it is stipulated in Article 67 of the Constitution of Thailand that the government must guarantee a floor price for agricultural products, thereby guaranteeing a certain minimal yearly revenue for the farm population. Further, the government must practice price control and take other measures to protect the interests of

farmers. Every effort must be made to help farmers produce and distribute their products. The Constitution also stipulates that farmers must increasingly be able to own their own land. Therefore, any government, party, or person not protecting the interests of farmers is acting unconstitutionally and against the interest of the nation.

Prem's technocratic advisers and the NESDB, by tailing the IMF/World Bank dictates, are heading for a confrontation with the SAP on the question of rice policy. Prem's advisers and the NESDB are submitting separate documents demonstrating why a rice price support is financially impossible and, in any case, would not work if implemented. The SAP, on the other hand, is handing an urgent memorandum to Prem on why paddy price guarantee, rice stocking, and rice export premiums must be maintained. With paddy production costs at 2,480 bhat per ton, and paddy selling price at around 2,500 bhat per ton, farmers are finding themselves in bankruptcy.

The Bangkok Fusion Energy Foundation has proposed that, instead of allocating 23% of the 1986 budget (50.7 billion bhat or approximately \$2 billion) for debt repayment, only 5% of the budget be used. The difference saved, approximately 39 billion bhat, could then easily finance the 9 billion bhat price-support program of 3,300 bhat per ton plus a comprehensive agro-industrial development program that would include key infrastructural projects such as irrigation and energy.

The Thai Trade Union Confederation (TTUC), the largest union with 120,000 members, is considering supporting the farmers on this issue and is discussing the FEF rice-policy proposal. The TTUC is headed by a moderate, Paisal Thawatchainan. Unlike the Labor Congress of Thailand (LCT), the TTUC did not get involved in the September coup attempt.