

# Britain's legacy to Thailand: 150 years of Dope, Inc.

by Michael O. Billington

---

## **Thailand: Economy and Politics**

by Pasuk Phongpaichit and Chris Baker  
Oxford University Press, Kuala Lumpur, 1995  
449 pages, hardbound, \$59

---

This past summer, a research team at Thailand's prestigious Chulalongkorn University released a study, demonstrating that the annual illegal proceeds within Thailand from drug trafficking, prostitution, contraband oil sales, traffic in illegal labor, and illegal arms sales surpasses the kingdom's total annual budget. While drug money was calculated (rather modestly) at approximately \$4 billion (100 billion baht) per year, the proceeds from prostitution were found to be a staggering \$20 billion (500 billion baht) annually. These figures reveal the truth behind the hype in the leading Western financial press, portraying Thailand as the showcase success story of the "globalization" process.

One of the leading members of the team that produced the report, Dr. Pasuk Phongpaichit, head of the Political Economy Center at Chulalongkorn, also recently co-authored, with her husband, Englishman Chris Baker, a comprehensive political and social history of the country, called *Thailand: Economy and Politics*. This review will focus on certain aspects of Thailand's history as presented by Pasuk and Baker, which tend to provide some explanations for the disturbing facts revealed by the Chulalongkorn study on illegal money flows.

A second recent development, which will guide this review, is the special role that Thailand is playing in the ongoing reconstruction of the British Empire, a process which has been covered exclusively by *EIR* over the past months.<sup>1</sup> In March, the British and their "Entente Cordiale" partners in France, in collaboration with British satrapy Singapore, orga-

nized a meeting in Bangkok, called the Asia Europe Meeting (ASEM), to forge a European-Asian alliance, explicitly leaving out Russia and the United States, to the purpose of imposing British colonial-style "free market" control over all of Asia, including China. An included objective of the "New Empire" policy is to *prevent* the emergence of European/Asian collaboration around the "Eurasian land-bridge" concept, based on high-speed rail corridors from Europe, through Russia and Central Asia into China, bringing about the physical development of the entire Eurasian landmass. Such development is viewed as a deadly threat to the continued financial control over nations by the London-based international financial oligarchy.

To prepare for the Bangkok ASEM meeting, the entire Thai financial leadership, including leading ministers and the directors of the central bank and the stock exchanges, spent a week in London, receiving training and direction from the very banking institutions that ran the British colonial empire and the global drug traffic over the past 150 years. While Malaysia and, especially, Indonesia, have maintained some nationalist control and protection over their economies during the last decade of "globalization," Thailand has, by and large, allowed untrammled speculation, deregulation and money laundering under the direction of the international financial institutions. This review will look at Dr. Pasuk's book for clues as to why Thailand has been so malleable in performing such a self-destructive role in the service of the British Empire.

## **Never a colony**

Thailand is very proud of the fact that it was never colonized. However, authors Pasuk and Baker demonstrate that since the 1840s, the Thais have repeatedly allowed the de facto colonization by "Dope, Inc.," the name ascribed by Lyndon LaRouche to the British-centered financial oligarchy which has used the drug trade and related dirty-money operations to maintain control over the world financial system. I will reference four periods of Thailand's acquiescence to Dope, Inc., or its surrogates, over the past 150 years: the acceptance of British dictates in the 19th century; the adoption of fascism in the 1930s and early 1940s; Anglo-American narco-military operations between the 1950s and the 1970s;

---

1. See especially, "The Coming Fall of the House of Windsor," *EIR*, Oct. 28, 1994, and "The Sun Never Sets on the New British Empire," *EIR*, May 24, 1996; as well as, "London Sets the Stage for a New Triple Entente," *EIR*, March 24, 1995; "London Launches International Terrorism," *EIR*, May 12, 1995; "The New International Terrorism," *EIR*, Oct. 13, 1995; and "Britain's 'Dope, Inc., Grows to \$521 Billion,'" *EIR*, July 26, 1996.



## LaRouche Campaign Is On the Internet!

Lyndon LaRouche's Democratic presidential primary campaign has established a World Wide Web site on the Internet. The "home page" brings you recent policy statements by the candidate as well as a brief biographical resumé.

**TO REACH** the LaRouche page on the Internet:

<http://www.clark.net/larouche/welcome.html>

**TO REACH** the campaign by electronic mail:

[larouche@clark.net](mailto:larouche@clark.net)

Paid for by Committee to Reverse the Accelerating Global Economic and Strategic Crisis: A LaRouche Exploratory Committee.

and, finally, submission to the "globalization" of international financial operations since the mid-1980s. Although not presented in this manner in Dr. Pasuk's book, the evidence is all contained therein.

Modern Thailand was founded in Bangkok in 1782, following the seizure of the old capital in Ayutthaya by the Burmese. The Chakri dynasty, still reigning today, was established at that time. The kingdom has always been, and is still today, Dr. Pasuk points out, both underdeveloped and underpopulated. It was a frontier colony, constantly but slowly expanding the cultivated land area outwards from Bangkok. Until the mid-19th century, the peasantry were either slaves or indentured servants, but in the 1840s and 1850s, immigrants from southern China, fleeing the Opium Wars and the Taiping Rebellion, flooded into Thailand, and coolie labor replaced corvée labor in the building of canals and other construction projects.

The British had already, in the early 19th century, targeted Siam (as Thailand was called until 1939) as "second only to China" as a market for their Indian-grown opium, say Pasuk and Baker. In the 1840s, as Britain began deploying gunboats to force their opium down the throats of the resistant Chinese, the Thais resisted the killer trade. However, Siam's trade with China was the mainstay of its foreign trade, and when that trade collapsed due to the chaos of the Opium Wars and the

Taiping revolt, Siam acquiesced to the British demands. In 1851, King Mongkut (Rama IV) ascended to the throne, with the support of the leading trading family in Siam, the Bunnag family, descendants of Persian traders during the Ayutthaya period. The Bunnags were closely allied with the British East India Company and the opium trade, and Mongkut moved quickly to legalize opium and the British trade, setting up an opium tax farm under Bunnag's direction. By 1855, with the holocaust in China unfolding, Mongkut signed the Bowring Treaty with the British, granting essentially the same concessions which were only extracted from the Chinese through warfare! The British were granted residency rights with extra-territoriality, trading rights equal to the Thai and Chinese traders, and a pact to "maximize their mutual profits from opium," with zero taxes on opium imports. Opium rapidly became the major source of income for the Siamese government.

In the last quarter of the 19th century, Siam was threatened by territorial demands from British Burma and British Malaya on the west and south, and from French Indochina on the east. Various border negotiations resulted in a shrinking nation on all fronts. An effort to mount an army of corvée soldiers against French troops in Laos in 1893 collapsed in disaster, with the French sending a gunship up the Chaopraya River to Bangkok, forcing yet another humiliating treaty.

Ironically, the only way that Siam retained a semblance of independence was by *preventing* the development of certain industries and certain infrastructure. The western shore of the southern peninsula, near Phuket, was rich in tin, but the government refused to allow the construction of a rail route to Phuket, knowing that the British would have soon extended their Malaya tin operations northward, using Chinese coolie labor, and eventually simply seize southern Siam as part of British Malaya. Similarly, the government refused to change laws which limited the size of land holdings and forbid foreign ownership of land, thereby *preventing* the development of a rubber industry in the south, for the same reason they prevented the development of a tin industry. Of course, this independence was purchased with a level of backwardness in the south, which would plague Thailand with insurgency born of poverty, even still today. In general, foreign investment in Thailand was only one-third of that in Malaya, and one-tenth that in Indonesia, during the 19th century.

### The end of the absolute monarchy

By the early 20th century, the king had closed down the tax farms in favor of government monopolies, including over the opium trade. Many of the families who had run the tax farms, mostly of Chinese descent, set up trading business. Most of these businesses, both government and private, collapsed in the 1929 depression. The blame was placed primarily on the monarchy. The Chakri kings in the 20th century had gathered virtually all power in the hands of the extended Chakri family (Mongkut had sired 82 children of 35 wives,

and his heir, Chulalongkorn, had 76 children by 36 wives—it was a big family). In 1910, nine of twelve cabinet posts were royalty, as were all of the generals.

In 1932, the absolute monarchy was overthrown in a bloodless coup, led by a “People’s Party,” which implemented a constitutional monarchy (although the king was to live in exile for the next 14 years). The People’s Party had been founded secretly in Paris in 1927, later allying with certain military leaders with German training. Two factions emerged, led by Pridi Bhanomyong and Phibun Songkhram. Pridi was a nationalist and a republican, using his various cabinet positions during the 1930s to renegotiate the unequal treaties, establish a protective tariff to promote national industrial development, form a national bank, and establish a new university, Thammasat, to counter the royalist Chulalongkorn.

But power ended up in the hands of Phibun, who carried out three further coups over the 1930s, such that by 1938, he held the posts of prime minister, minister of defense, minister of interior, and chief of staff of all three branches of the military. Phibun modeled himself on the fascist movements in Germany, Italy, and Japan. His leading ideologue, Wichit Wathakan, wrote a book glorifying Mussolini, and headed the Japan-Siam Society, which promoted *bushido*, or military honor, and Japanese militarism. Fascist-style institutions were established, such as youth movements and military parades, while Phibun began to refer to himself as “The Leader,” and promoted the need to “Believe in The Leader.” An irridentist mentality led to an effort to create a “Greater Thailand,” claiming that the Lao, the Cambodians and the Shan in northern Burma were all Thai. The country’s name was changed to “Thailand,” and military operations were launched against Indochina in 1940, and against the Shan states in Burma and southern China in 1942. Anti-Chinese sentiment was riled up. Wichit revived the racist movement of the early 20th century, calling the Chinese the “Jews of the Orient.”

On the same day as the attack on Pearl Harbor, the Japanese armies occupied Thailand, without resistance. Phibun retained his position as prime minister, and the Thai military operations in the north and the east continued. While officially an “ally” of the Japanese, Thailand had once again negotiated its own submission to an imperialist power, one which could usefully be viewed as the temporary local administrator of Dope, Inc. During the war, Japan occupied most of the opium-producing areas in China and in the “Golden Triangle” of northern Thailand and Burma, expanding the production and marketing operations, while also taking over the Dope, Inc. financial centers of Shanghai, Hongkong, and Singapore.

### **Truman reverses FDR anti-colonial policy**

Pridi did not collaborate with Phibun’s fascist movement, nor the Japanese occupation, but created a clandestine “Free Thai” movement in opposition to the Japanese, with support from the Navy, from some regional leaders in the Northeast,

and from some of the Chinese in Bangkok, including the communist networks. Following the war, Pridi and his Free Thai movement took over the government, but this was short-lived, for two principal reasons. First, U.S. President Truman totally reversed the course established by President Franklin Roosevelt before his death, and followed instead Winston Churchill’s lead in calling for an anti-communist crusade. Although Pasuk and Baker do not discuss the import of that shift in U.S. policy, it is essential to discuss it briefly in order to understand the character of the U.S. presence in Asia over the next three decades.

Roosevelt had been dedicated to ridding the world of the shards of 19th century colonialism, once telling Churchill that the U.S. did not fight World War II in order to preserve the British Empire. He was committed to maintaining the war-time collaboration between the United States, Russia, and China in order to bring about an American-led economic transformation of the ex-colonial world. The British intention to rebuild their imperial power depended upon preventing the realization of Roosevelt’s global development outlook, by maintaining a divided world, a world characterized by Winston Churchill’s “Iron Curtain.”

Upon Roosevelt’s death, Truman adopted Churchill’s policy, announcing American support for any government which would fight the communist threat as defined by Truman’s controllers in London. For most of the next 30 years, the United States, against its own true interests, largely functioned, as the “brawn directed by British brains,” especially in Asia,

This meant, in practice, U.S. support for the re-establishment of colonial regimes in all of Thailand’s neighbors. Within Thailand, it meant U.S. support for the 1947 coup by Phibun, and a return to the fascist-like dictatorship of the 1930s. Pridi was forced into exile. He returned in 1949 to attempt a coup of his own, with the support of the Navy and the old Free Thai networks, but the effort was crushed.

Returning to the immediate postwar period, there was a second factor militating against Pridi and his Free Thai allies’ efforts to create a government; namely, the existence of the Northern Army, which had led the pre-war and war-time invasion of the Shan states in Burma and China. This Army, under the leadership of Phin Choonhaven and his son-in-law Phao Sriyanond, had disbanded after the war, but its officers soon allied with Phibun for the seizure of power in 1947.

The book’s authors do not discuss the interconnections of Thai and other foreign interests in the drug business in the Shan states, but it is well documented elsewhere. Generals Phin and Phao established themselves as the coordinators of the opium-trafficking routes through Thailand during their northern expeditions, and continued that role into the late 1950s. The drug trade was still legal in Thailand, and remained so until 1957. Following the 1949 Communist Revolution in China, remnants of the defeated Chinese Nationalist Army settled in northern Burma, taking over much of the drug

trade in the region, supported by networks of covert U.S. intelligence agents. These U.S. agents and their operations can be traced forward in time directly to those of the George Bush, Gen. Richard Secord, and Ollie North gun and drug deals in the next generation, the dirty "Royal" faction of American intelligence.

Phibun, by 1951, had consolidated his dictatorship, while son-in-law Phao, as head of the national police, used U.S. support and training to turn the police into a highly mechanized counterinsurgency force, which also controlled the (still legal) drug traffic in the north.

A 1957 coup by another officer, Sarit Thanarat, who had served in Phin's Northern Army, led to martial law and the banning of political activity altogether. The U.S.-trained Sarit officially banned opium, but it was during this era of U.S. warfare in Southeast Asia, and the virtual U.S. military occupation of Thailand, that drug production and sales exploded.

The only significant infrastructural developments which took place in Thailand during the Vietnam War years were those which were necessary for the functioning of the several massive U.S. air bases in the northeast. An enormous amount of money flowed through the economy, including U.S. military assistance, the exploding drug proceeds, and the profits from the vast expansion of prostitution to service the foreign military. The same officials who negotiated the U.S. military presence in Thailand also arranged for U.S. forces in Vietnam to use Thailand as their primary location for "R&R," thus effectively contracting a good portion of the female children of Thailand as sex slaves.

Some progress was made in the 1960s and 1970s in expanding education and other basic services in the provinces, and in increasing the amount of land under cultivation, although even these developments were motivated primarily by real and imagined counterinsurgency concerns.

### **The globalization of Dope, Inc.**

This postwar era of Dope, Inc.'s dominance in Thailand, generally connected to the U.S. military presence, came to an end soon after the conclusion of the war in Vietnam. A new generation of military leaders came to power in the late 1970s, who had a greater concern for the economic development of the country, and were more willing to establish civilian government, provided there was a role for the military, both in government and in the strategically important industries. Gen. Prem Tinsulanond became prime minister after the 1980 elections, and, with the exception of a military government in 1991-92, the governments have been coalitions of various parties, all of which represent a mix of military, businessmen and bureaucrats.

But the economy suffered badly from the combination of the abrupt end of the U.S. military spending, and the general economic crisis, precipitated by the two oil shocks of the 1970s, which saw Thailand's terms of trade fall from 100 in 1970 to 56 in 1982. Following the 1979-80 oil price crisis,

Thailand was forced to borrow heavily from the International Monetary Fund, which then presented Bangkok with a typical list of demands for austerity, cutbacks in social programs, privatizations, and an emphasis on exports, rather than the development of domestic industries. Bangkok at first resisted this IMF effort to sabotage its potential industrialization. However, in order to obtain the foreign exchange needed for debt payment, without succumbing to the transformation into an export economy, Thailand pushed two other, equally dangerous policies: the export of labor, with several hundred thousand workers sent to the Middle East, workers who were desperately needed at home; and tourism, which, to a great extent, meant the "globalization" of their female children for "sex tours." By 1985, "tourism" was the largest source of foreign exchange.

In 1984, Bangkok gave in to the "technocrats" from the IMF, and the era of the primacy of hot money began in earnest. The baht was allowed to float, resulting in a 25% devaluation, tariffs and taxes were cut, deregulation and privatization were pursued, and a flood of foreign investment in cheap labor, export-oriented process industries began to pour in. The sixth Five-Year Plan of 1987 stated: "The government will withdraw from activities which can be better and more effectively carried out by the private sector, and allow privatizations of some parts of the economy."

One of the most important programs launched during the late 1970s, the Eastern Seaboard Scheme, was the centerpiece of an effort to disperse industrial growth away from Bangkok. Bangkok had become infamous as one of the most congested cities in the world, with a massive deficit in the infrastructure necessary for a city of its size. The plan to develop the Eastern Seaboard east of Bangkok, along the Gulf of Thailand, depended upon centralized government direction of investment policies, as well as direct government investment in infrastructure in the region. In 1988, the government adopted the proposal of one of the technocrats to abandon the entire plan, allowing the location of investments "to be decided by free-market principles." Infrastructure projects were privatized, while labor, zoning, and other regulatory policies were dropped, and the Eastern Seaboard Scheme was drastically scaled back, all to facilitate the needs of the hot-money speculators in Bangkok real estate and process industries. Over the 1980s, economic growth in Bangkok doubled that of the rest of the country, and the population leapt from 5 to 9 million, leaving the city, in the minds of many, virtually unlivable.

In the 1988 elections, Chatichai Choonhavan, the son of the Northern Army chief Phin Choonhavan, became prime minister, in a working alliance with military chief, Chavalit Yongchaiyudh, and Boonchu Rojanastien, the head of Bangkok Bank. Bangkok Bank, which dominates banking in Thailand, has functioned as the primary laundromat for drug money since the war, while Boonchu has been in the forefront since the early 1970s of the technocrats demanding capitulation to the IMF demands. Under Chatichai's regime, the tech-

nocrats were in full control, and hot money flowed through the economy. The level of corruption became so massive and so overt, that the country generally heaved a sigh of relief when Gen. Suchinda Kraprayoon led a military coup in 1991.

Suchinda wanted to reverse the loss of sovereignty over the economy without a return to the dictatorial methods of the 1960s. He appointed a civilian foreign service officer, Anand Panyarachun, as prime minister. Anand, however, quickly proved to be out of Suchinda's control, and fully committed to the Dope, Inc. agenda. He continued the hot-money reforms, making the baht convertible and ending exchange controls.

In the following year, Suchinda held elections, which his own party won. But things had changed since the days when Dope, Inc. depended on military strongmen to run their operations. The new Dope, Inc. technocrats in the international financial institutions found that military leaders were often prone to defend national interests against the "globalization" of London's speculative bubble economy. The internationally created and controlled non-governmental organization (NGO) apparatus was mobilized to denounce Suchinda's legitimate election, resulting in mass demonstrations, violence, and a bloody military response. Suchinda was forced out of government. As an interim head of state, however, the technocrat Prime Minister Anand was kept in power! He immediately began dismantling the military

presence in the strategic industries, while continuing the financial deregulation.

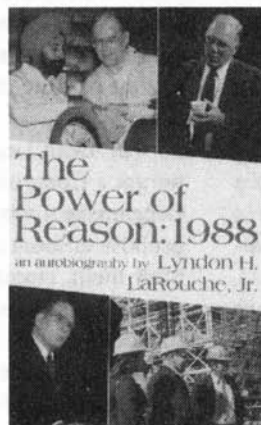
Although the various governments of the 1990s have come from opposing sides of the political spectrum, they have all been run by the technocrats dedicated to globalization. This is where Dr. Pasuk's book leaves off, and the report from her team at Chulalongkorn comes into play. Does Thailand truly wish to be another Hongkong? The Hongkong model survives as a laundromat for hot money, with no agriculture and no large industry, only because of its small size. The results of treating a nation like Thailand in the same manner are devastating. In fact, the population of Thailand is itself threatened with collapse due to the most severe AIDS epidemic in Asia, spread by the fact that the government, the monarchy, the military, the Buddhist establishment, and the population at large tolerate the virtual sexual enslavement of (by some estimates) one-third or more of its female children.

As the current global financial collapse strikes Thailand and the rest of Asia, Thailand must take the opportunity to break from its historical economic dependence on London's Dope, Inc. As the strategic hub of Southeast Asia, Thailand could then lead the integration of the region into the grand project for rail-centered development of the entire Eurasian landmass, as a lasting contribution to world development and peace.

## Books by Lyndon H. LaRouche, Jr.

The LaRouche case "represented a broader range of deliberate cunning and systematic misconduct over a longer period of time utilizing the power of the federal government than any other prosecution by the U.S. Government in my time or to my knowledge."

—Former U.S. Attorney General  
Ramsey Clark

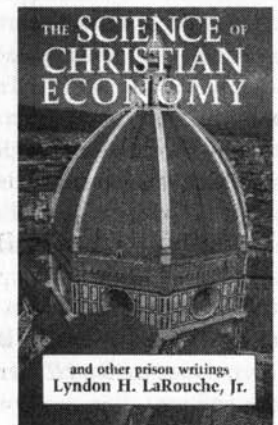
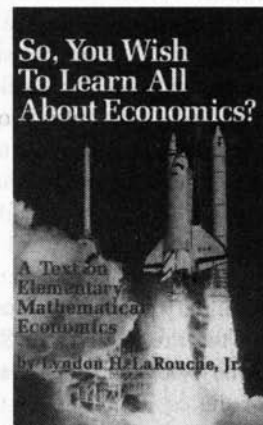


**READ LAROUCHE'S BOOKS** and find out why the Establishment is so determined to silence his voice.

*The Power of Reason: 1988.*  
An autobiography by  
Lyndon H. LaRouche, Jr. \$10.00

*So, You Wish to Learn  
All About Economics* \$10.00

*The Science of Christian Economy  
and Other Prison Writings* \$15.00



Send checks or money orders to:

**Ben Franklin  
Booksellers, Inc.**

107 South King St.  
Leesburg, VA 22075  
phone 1-800-453-4108 (toll free)  
or 1-703-777-3661

Shipping and handling charges: Add \$4 for the first book and \$.50 for each additional book. Virginia residents add 4.5% sales tax.

We accept MasterCard, Visa, American Express, and Discover.