

A new 'Free Thai' movement forms against IMF occupation

by Michael O. Billington

A coalition of business leaders, farm and labor organizations, professionals, and intellectuals in Thailand have come together to defend the nation against a deadly enemy: the International Monetary Fund (IMF). The Thai economy, battered during the last year's speculative attack by the likes of the British-directed George Soros and his fellow derivatives shysters, is fast approaching terminal collapse under the dictates of the IMF's supposed medicine of austerity, usurious interest rates, forced sell-off of state industries to foreign interests, and dozens of similar poisonous policies. A diverse alliance of citizens, with support from at least some of the nation's political leadership, have begun to rally the nation against this destruction, naming the IMF as the source of the problem. Some of these individuals and groups have compared their campaign to the "*Seri Thai*" ("Free Thai") movement during World War II against the Japanese occupation of Thailand, and against Britain's effort to colonize Thailand after the war.

At the founding rally of the "Community to Build and Revive the Country" on May 11 in Bangkok, 28 civic groups representing rural doctors, labor, farmers, and other social organizations, were joined by university professors and industrial leaders in denouncing the IMF as the cause of the exploding rate of corporate bankruptcies and unemployment, and for usurping the nation's economic sovereignty.

At the same time, the three leading business associations, the Federation of Thai Industries (FTI), the Board of Trade, and the Thai Bankers Association, have petitioned the government for a debt moratorium for small and medium-sized firms. The new chairman of the FTI, Tawee Butsumtorn, also warned that three out of five of Thailand's industrial workers could be out of work if the corporate debt crisis is not resolved immediately.

The new "Free Thai" leaders are placing certain demands upon the government, but it is extremely important that the target of their complaints is not the government itself, but the new occupying force, the IMF. In fact, the Prime Minister, Chuan Leekpai, and several members of his cabinet have themselves demanded changes in the IMF policies, even though those policies are staunchly defended by the Minister of Finance, Tarrin Nimmanahaeminda, and the new chief of the Bank of Thailand, M.R. Chatumongol Sonakul. Despite the government's official adherence to IMF demands, Prime

Minister Chuan angrily demanded that his cabinet members solve the crisis of liquidity for Thai businesses, while the Ministry of Industry released a statement, denouncing the Finance Ministry's failure to provide adequate protective tariffs for the steel industry, as reflecting "a lack of understanding or serious support from the government."

The alliance of Thai business leaders and social organizations against the IMF stands in stark contrast to the situation in Indonesia, where the brutal austerity imposed under the gun of the IMF has provoked mass demonstrations and anarchistic rioting—but with barely a mention of the IMF, which provoked the breakdown crisis, by the opposition. The Thais know that a similar social explosion is possible within their country if the economic dissolution continues. The only way to prevent such anarchy is to identify the real problem—the failure and bankruptcy of the world economic system under the IMF—while directing all available domestic resources to sustaining the national economy, rather than servicing the fraudulent portions of foreign debt created through speculation and deceit on the world financial markets.

A symbol of national sovereignty

The "Free Thai" movement against the World War II occupation by Japan is still the most powerful symbol of national sovereignty to the Thai people. It was led by Pridi Banomyong, a hero of 20th-century Thailand. Pridi created the alliance of intellectuals, business leaders, and military officers who carried out the peaceful revolution in 1932, overthrowing the absolute monarchy and establishing a constitutional monarchy. As Foreign Minister and Finance Minister during the late 1930s, Pridi abrogated the unequal treaties imposed upon Thailand by British and French colonial armies during the previous century. He established protective tariffs, formed a national bank and national industries, and founded Thammasat University.

When the Japanese occupied Southeast Asia, with virtually no resistance from the British military forces controlling their Asian empire, Thailand had no choice but to acquiesce to Japanese occupation. It maintained the semblance of sovereignty by formally allying with Japan. Pridi, however, established the "Free Thai" movement with support from the U.S. Office of Strategic Services. His co-leader was the

Thai Ambassador to the United States, Seni Pramoj. Pridi, who was also regent for the young King at the time, ran underground cells in the Thai countryside in league with the OSS, while maintaining networks within the government, the military, and among the Chinese-Thai business families in Bangkok.

There were Thai collaborationists, of course, who served as Quislings to the Japanese occupation forces, but following the war, Pridi and his Free Thai movement easily took power. The British, however, were not interested in Thailand's sovereign rights, nor its development, and insisted that, as formal allies of Japan, Thailand must be treated as a defeated enemy. Besides demanding reparations of rice to feed the British colonies, the British also wanted to occupy Thailand itself.

Pridi called for support from his friends in the United States, and the British scheme was defeated.

The second round

Last January, *EIR* Founder and Contributing Editor Lyndon LaRouche warned that the international financial turmoil of October to January would be dwarfed by the crisis which would hit during the second quarter of 1998. That crisis is now unfolding worldwide, and even the huge financial bubbles on the U.S. and European exchanges are likely to explode in the weeks ahead. The "second round" in Asia has begun, proving that the IMF's destruction of production in order to bail out financial markets is an utter failure. The case of Thailand is exemplary.

LaRouche offers a strategic perspective for Thailand

The following exchange between Lyndon LaRouche an official from the Thai embassy, took place at a seminar for a New Bretton Woods system, in Rome, Italy, on April 2.

Q: As you know, in Thailand, the IMF has closed, as one of their requirements for their "rescue" package, 56 out of 58 financial institutions. In a country like that, you have a situation in which, had the government refused those measures, there probably would have been a popular uprising against it. So, how do you gain support for something like that?

LaRouche: You don't, because you can't deal in one country at a time. You have to deal strategically. Now, what's happening is, you have the King in Thailand, and other institutions, who echo the views of [Prime Minister] Mahathir from Malaysia, and represent part of what I referred to, is this reaction to this process to get a political movement: "Oh! What happened to us?"

So now you have a change, and the questions of the military and the King in Thailand are very important questions, as you know. Therefore, you have a process in which the popular preconditions for a government to act in a different manner, are being pre-created. So, this is like military command. You can not treat it like a schoolbook exercise. You can not arbitrarily react. Sometimes you have to submit and retreat. You have to understand the situation, but prepare to act, and say, "We've been taken once, we're not going to be taken the same way again. We must prepare."

But you must always be patient. People think of democracy in terms of a vote. It doesn't mean much. You

have to think of it in terms of responsibility to the people, a sense of justice, as Plato describes it through the mouth of Socrates, a quality of commitment to truth and justice. If you want to be a leader, you must be committed, above all, to truth and justice. You must look at truth and justice for all the people. You must treat *everyone* justly.

And, if you have that instinct, then you can be a leader who can do this. And when people who have great compassion for the suffering of their people, of all their people, of each part of their people, who want nothing but just solutions, look at the problems, then they become great leaders, by virtue of simply becoming an instrument of justice, like the person in a theater that's on fire, eh? Somebody who's an ordinary person arises to help organize the people, with his quiet, calm voice, to lead them safely out of the theater. And that's leadership. You look for this in a time of crisis, which tends to bring forth people who show that they have these qualities of leadership.

And, to me, what can you do? I'm a thinker. I do everything, but I'm a thinker, essentially, a philosopher. What I try to do, is present those ideas which I hope that people reflect upon and discover among themselves the ability, the qualities of leadership needed to meet this situation.

Now, the Thailand situation for the time being is very agonizing, and they're really brutalized. And thus, they have to prepare. They can not solve it in Thailand's terms alone. It involves all of Southeast Asia, which is in a crisis. Japan is in the same crisis, from a different standpoint. China has an interest in the whole area. India also has an interest. We would hope that the United States, and these other nations, concerned nations, would be prepared, the next time the crisis comes, to come up with a more just solution to these problems. In the meantime, we have to suffer and fight. It's like fighting a war: You suffer and fight.

But, I'm hopeful. I'm hopeful. It's difficult. I understand suffering.

The Thai Chamber of Commerce has released a report that without \$10 billion of liquid capital immediately, fully one-half of the nation's businesses will close. The chairman of the Federation of Thai Industries, Tawee Butsunthorn, who is himself executive vice president of the nation's largest industrial group, Siam Cement, ridiculed IMF demands for maintaining 20-30% interest rates: "You tell me," said Tawee. "Is there any business that is managing a 25% profit margin at present?"

In April, the country's pre-eminent business leaders, Dhanin Chearavanont, of the CP Group, and Chatri Sophanpanich of Bangkok Bank, warned that if the interest rates did not come down by June, Thailand's businesses would face catastrophe. It is of note that this warning came after a high-profile trip to China by the two men, accompanied by Deputy Prime Minister and Commerce Minister Supachai Panitchapakdi. Supachai, the Prime Minister's closest ally, is another cabinet member who has expressed his disagreement with the tight-money policy and the rapid deregulation demanded by the IMF.

However, the mounting opposition is not likely to achieve results as long as Tarrin has his way as Finance Minister. Sticking to the IMF policy, his ministry released a statement on May 14 saying:

"Any signs of weakness or lack of commitment to follow strict fiscal and monetary policy would send a wrong signal to the markets." One wonders if hundreds of deaths and massive destruction in Indonesia do not convey a "signal to the market," about IMF conditionalities. Tarrin's choice as new Governor of the Bank of Thailand took office with the pronouncement that "interest rates will remain high because of the high level of foreign debt."

Tarrin has also confirmed that none other than Paul Volcker will serve as chairman of an advisory commission to oversee the Bank of Thailand. Volcker, as head of the Federal Reserve under Presidents Jimmy Carter and Ronald Reagan, raised U.S. interest rates to more than 20% to achieve what he called "controlled disintegration" of the economy. It worked. The U.S. productive economy has steadily collapsed ever since, while a speculative bubble replaced the real economy. That bubble is only sustaining itself today through the globalization of financial speculation and looting, a job that Volcker will, to Thailand's grief, perform quite well. He will certainly pay no heed to the "Free Thai" cries for relief from IMF conditions.

Rumors of Tarrin's resignation as Finance Minister have been firmly denied, and Prime Minister Chuan has attempted to smooth over the obvious fissures within his cabinet. But, as the second round of global, systemic collapse unfolds, the alliance of Thai patriots opposed to the IMF must be in place to provide leadership. It will be crucial to their cause to join with nationalist leaders from other nations in demanding the creation of a new world monetary system based on sovereignty and global development to replace the IMF and outlaw speculators.

A worldwide chorus of attacks on the IMF

José Neme Salum, *Excelsior*, Mexican daily, May 18.

Indonesia is "the cruel mirror" in which all nations which follow International Monetary Fund policies, such as Mexico, can see themselves, Neme Salum writes. Where will those who refused to see "the Hitlerian nature of the IMF" now hide their heads? It is the IMF, not the Indonesian government, which is responsible for the deaths of the past days, he writes. "Suharto opposed the IMF program," but the IMF and the "markets" forced Indonesia to accept, for example, sudden 70% increases in the price of fuel. So far, some officials in South Korea and Japan have recognized themselves in this mirror.

"What is left? What the economist Lyndon LaRouche has been proposing since 1975: Replace the system over which the IMF rules . . . with a new, just international financial order, which can call on, among its principal institutions, an International Development Bank."

Neme reviews LaRouche's forecasting track record—the 1980s debt crisis, 1987 stock market crash, the Ninth Forecast of 1994, the Mexico blow-out, etc.—all signs which governments refused to see. "It is enough to remember what the IMF and World Bank did to Zaire in 1985, or the way in which they have sunk Mexico into growing poverty since the conspiracy against the peso in 1982, to put an end to the cruel system of these supranational bodies. It is the moment for '*Ya Basta!*' [Enough!], and to demand that the rulers of the nations of the world stop the lies, the banking pseudo-bailouts to collect, now even in blood, speculation's usurious debts."

The only reasonable alternative is on the table: a New Bretton Woods, with great development projects, such as the Eurasian Land-Bridge, Neme insists. Naming various books published by *EIR* on the development projects needed around the globe, he concludes by inviting his readers to attend a conference by *EIR*'s Dennis Small on May 22 in Mexico City, on "The Scientific Premises of LaRouche's Economic Forecasts."

Paolo Savona, "Global Finance, the Mount Etna of the Markets," editorial, *Corriere della Sera*, Italian daily, May 17.

Global finance, and not Indonesian President Suharto, is the problem, writes Savona, a prominent economist and former Italian government minister. He attacks the opinion according to which "lack of democracy" is the cause of the Indonesian crisis, but points to global financial markets, derivatives, and the IMF as the ones responsible for a crisis which is systemic.