

by Norway or any other country, except India. All these views have been conveyed to Colombo by New Delhi, officially and through unofficial channels as well. In fact, a Norwegian delegation has landed in New Delhi to discuss these issues with India.

Britain and Israel

Besides India, there are two other countries with distinct interests in the civil war. Britain had built up the Tamil community and pitted it against the Sinhala, and continues to do so. The foreign headquarters of the LTTE is in London, where it raises money by openly promoting Tamil terrorism. Whitehall, the Foreign Office, wrings its hands and says it can do nothing about it. But, there is more.

The Tigers' master planner, Anton Balasingham, is based in London and is fully aware of the developments on the ground. When the Elephant Pass battle was over, BBC picked up the Tamil version of the battle and said that more than 1,000 Sri Lankan soldiers had been slaughtered. This was done obviously to further boost the Tigers' morale.

Canada, a British outpost in North America, is also extremely active in pushing the Tigers' way of conducting the civil war. Recently, two Cabinet ministers, Finance Minister Paul Martin and International Cooperation Minister Maria Mina, were attending a function hosted by the Federation of Associations of Canadian Tamils (FACT), a front organization of the Tigers. In its latest report, the Canadian Security Intelligence Service has identified the World Tamil Movement, FACT, and the Tamil Eelam Society of Canada as leading LTTE organizations raising money within Canada and hobnobbing with political figures.

The fourth interested party is Israel. Israel was kicked out of Sri Lanka twice: once in 1971, when it was suspected of involvement in an uprising by the right-wing JVP, a Sinhala group, against the left-leaning government of Sirimavo Bandaranaike, mother of President Kumaratunga. It was kicked out again in 1989, when it was discovered that the Mossad intelligence agency, besides training the Sri Lankan Army in counterinsurgency, had hosted a number of Tigers in Israel for training with grenades and belt-bombs for suicide bombers. At this time of crisis, President Kumaratunga has again called upon Israel, and Israel, no doubt, will respond. The Israeli interest section, which used to operate from within the U.S. Embassy, may have designs which do not coincide with those of the United States.

By bringing in outsiders, Colombo is getting mired in geopolitics. There is no question that Colombo must bring the situation back on an even keel, and then start negotiations immediately. For years, Colombo has ignored the danger posed by the British involvement with the Tigers. The Sinhala nobility, or the powerful families, are essentially Anglophiles who look up to London for justice and even-handedness. It is time that they look at the other Britain, whose colonial instincts are very much alive.

Thailand: Transparency International Attacks the Institutions

by Michael O. Billington

The economy of Thailand has never recovered from the speculative attack of 1997, the first round of the global financial breakdown which is now reaching its terminal stage. Under International Monetary Fund (IMF) dictates, Thailand's government bailed out the foreign debt held by corporations and banks, using taxpayers' money, while the real economy and the standard of living plummeted. Now, while the British-American-Commonwealth (BAC) banking oligarchy is picking over the bones of the collapsed banks and industries, the institutions of state are disintegrating, helped on by the same BAC operatives.

With national elections coming up at year's end, both the government party (the Democrats) and the main opposition party (New Aspiration Party, NAP), as well as the smaller traditional parties, have, over the past two months, been wracked by scandals, arrests, or indictments of leading members (including even a politically motivated sting by the U.S. Department of Justice!), and defections of various leaders and their factions.

These events are not coincidental. The dead giveaway that these actions are being orchestrated by the international financial oligarchy, was the establishment in March of a Thai branch of Transparency International (TI), headed by the BAC's leading operative in Thailand, Anand Panyarachun, who has played a leading role in the destruction of Thailand's economy and institutions over the past decade. Each of the scandals and internal conflicts (some of which are described below), can be traced to Anand and his international allies, who have formalized their presence with the founding of TI-Thailand.

TI is a project of the World Bank, established in the early 1990s under the direction of a World Bank official, Peter Eigen. It later went private, but Eigen remained, and is still today, its director. TI's assignment was to masquerade as an "independent, impartial" non-governmental organization (NGO), passing judgment on both government and corporate sectors, which resisted the free trade, privatization, deregulation dictates of the IMF-World Bank globalization predators. This has been applied not only to the Third World "recolonization" effort, but was also at the center of the "Clean Hands" apparatus which destroyed the national institutions in Italy,



Children in Bangkok. The international financier oligarchy is picking over the bones of Thailand's banks and industries, while the nation's traditional parties are being destabilized.

and has played a central role in the looting and destruction of Russia and the former Soviet republics.

TI-Thailand chief Anand's career demonstrates the character of TI. In 1992, a "popular uprising" against the legitimate government of Gen. Suchinda Kraprayoon, an uprising openly promoted and directed by the AFL-CIO and various Anglo-American NGOs (see "U.S. AID Runs Overthrow of Thailand's Government," *EIR*, June 12, 1992), resulted in the *un*-constitutional appointment of Anand as Prime Minister. Anand proceeded to dismantle the military's role in key strategic industries, began the privatization of the state sector, and, most damaging, initiated the Bangkok International Banking Facility, the offshore, unregulated banking center, which became the headquarters for the creation of the hot-money bubble of the 1990s, and for the subsequent speculative assault on the Thai economy in 1996-97 by George Soros and similar ilk.

Then, with the Thai economy in free fall, Anand took on the job of drafting a new Constitution, which was rammed through the Parliament despite strenuous opposition. The new Constitution, under the name of "democracy," directly and indirectly established a phalanx of "Clean Hands"-style oversight bodies to seek out corruption in government, business, elections, and so on. The stage was set to dismantle any resistance to the effective financial colonization of Thailand.

The Process

The current government of Prime Minister Chuan Leekpai and Finance Minister Tarrin Nimmanahaeminda, has, generally, imposed every dictate demanded of it by the IMF, although stiff opposition (even within the government) has slowed the process somewhat. However, with industry

still operating at less than 60% of capacity, with 38% of outstanding debt still considered non-performing, with the agricultural sector so depressed that peasant revolts are spreading across the country, and with bank lending *falling* by more than 10% in the first quarter of 2000, the glow of the Chuan government has rapidly faded within Thailand.

The first sign that the BAC had decided that the Democrats' usefulness had reached an end was the emergence of an open conflict between Finance Minister Tarrin and the head of the Bank of Thailand (BOT, the Thai central bank), Chatumongol Sonakul, over who should carry out the IMF order to bail out the banks — the BOT or the Treasury. When a sizable sum of funds became available to the BOT due to certain foreign-exchange changes, Finance Minister Tarrin wanted to use the funds to reduce the government debt from the bailout. Chatumongol, who represents the most extreme free-market ideology promoted by his friends in London (reportedly his "second home"), insisted on the "independence of the BOT," and told the government to further indebt the taxpayer, through issuance of new government bonds, to meet the bailout costs. Chatumongol skipped the April IMF meeting in Washington to address a Merrill Lynch Investor Conference in London, where he publicly attacked his own government on this issue, to the cheers of his London backers. Then, in a move which revealed his TI credentials, Chatumongol used the powers of the BOT to initiate an indictment against Finance Minister Tarrin's brother, Sirin Nimmanahaeminda, the former CEO at the state-owned Krung Thai Bank.

The indictment, supposedly over a failure to properly collateralize an emergency loan to a leading corporation during the financial crisis, has been widely condemned as a political

hatchet job aimed as much at Tarrin as at his brother. As of early May, Chatumongol has partially relented on the issue of the BOT funds, but he may soon lose his position nonetheless. In any case, the damage to the government's credibility has been accomplished.

The Democrats, and Prime Minister Chuan, in particular, are also reeling from another attack, this one against Chuan's oldest and closest political ally and adviser, Deputy Prime Minister Sanan Kachornprasart. The National Counter Corruption Commission, one of the many new "Clean Hands"-style bodies, indicted Sanan over an improper accounting of a personal loan, deemed to have been "designed to mislead the commission." While Sanan may win his case in court, he was forced to resign his office, further discrediting and weakening the ruling party.

It is not only the ruling Democrats who are under attack, however. The opposition party, former Prime Minister Gen. Chavalit Yongchaiyudh's NAP, was hit with a similar operation, only in this case the U.S. Department of Justice itself was in charge.

Chavalit's chief adviser, Surasak Nananukul, was the target of a sting by U.S. Customs, which arranged a phony deal to sell (non-existent) Iraqi oil outside of the UN quota on Iraqi oil sales. The sting, targeting Asian leaders who are facing both internal economic decay and exploding market prices for oil, lured Surasak and two business associates from Thailand and Singapore to San Diego to close a deal. According to Surasak's lawyer, they believed they were dealing with a legitimate representative of the U.S. government. Surasak is now sitting in jail in San Diego.

General Chavalit, meanwhile, is learning a lesson about his long-standing friends in the United States. He somewhat naively complained that the sting itself was clearly illegal, outside of U.S. Constitutional law, and would certainly be thrown out. Had the General been reading his *EIR* more closely, he'd have known that the U.S. Department of Justice no longer believes itself to be restrained by the U.S. Constitution.

More realistically, another NAP leader, Chalerm Youbamrung, insinuated that the U.S. government was trying to get back at Surasak for strongly criticizing the U.S. role in the IMF destruction of the Thai economy.

Election Watchdogs

One aspect of the Transparency International operations in Thailand approaches the absurd: the multiple election watchdog committees, both government and private, which now oversee Thai elections. Under Anand's new Constitution, the Thai Senate will no longer be appointed, but is chosen by election, with the first such election held in March.

An Election Commission (EC) was established to approve or disapprove elected candidates, based on their adherence to new stringent election laws. Although the new laws were aimed at curbing the notorious vote-buying which has tradi-

tionally characterized Thai elections, they virtually outlawed any campaigning whatsoever. When the results came in for the 200 Senate seats, the EC ruled, on the basis of reports of illegal campaign activities, that 78 of the elected candidates were disqualified, and set up new elections, for the same candidates! The disqualified candidates, including prominent members from all leading parties, were given no hearing to defend themselves against the charges. The EC has even admitted that, with three exceptions, no civil charges will be brought against the rejected winners, because there was insufficient evidence.

In the April repeat elections, with only 30% voter turnout (compared to 71% in the first election), 45 of the 78 winning candidates who had been rejected by the EC in the first election were re-elected, although the EC is now proposing a *third* election to deal with illegalities in the re-election. The Senate, in the meantime, cannot meet until all seats are filled.

Thaksin Untouched

Numerous other scandals and factional crises are destabilizing these and the other traditional parties in Thailand, with a large number of defections in the run-up to parliamentary elections, expected in November or soon thereafter. What is most interesting about this process, is that nearly all the defections are gravitating to a new party, the Thai Rak Thai (Thais Love Thailand), formed just last year by the billionaire telecommunications tycoon, Thaksin Shinawatra. Thaksin emerged as a political gadfly in the early 1990s, in the aftermath of the 1992 destabilization. He jumped about from one party to another, using his enormous wealth and equally enormous support from the Western press and his many friends in New York and London, to establish his name in politics.

By offering lucrative positions to those who would defect from the established parties to join Thai Rak Thai, Thaksin's party has, perhaps not coincidentally, been totally free of the TI-style corruption scandals plaguing all the others. Already, 92 Members of Parliament have deserted their former parties to join Thaksin, and the media are now predicting that Thai Rak Thai will win the upcoming elections, in its first year in existence.

Thaksin has released a populist program, promising a three-year debt moratorium for farmers, tax cuts, and eradication of unemployment — but all supposedly within the restructuring dictates of the IMF, a contradiction in terms. At an American-style Thai Rak Thai convention in March, Thaksin announced the party's executive board — nearly all veteran politicians from other parties, many with far from "Mr. Clean" records.

There are also reports that Central Bank chief Chatumongol, fresh from his wrecking operation against the government, will be offered the position of Minister of Finance in a Thaksin government. It appears likely that the BAC, the IMF, and Transparency International are consolidating control over yet another once-sovereign nation.