

Southeast Asia by Sophie Tanapura

The 'Mechai touch'

Thailand's Premier Prem is now submitting his country to usury and the "small is beautiful" policies which destroyed Africa.

According to local experts in astrology, it is predicted that the 50 days following Oct. 18 will be a difficult and delicate period for Prime Minister Prem Tinsulanonda of Thailand. Amid thick rumors of another coup in the making, Prem is caught in the increasingly unpopular and inefficient economic measures promoted by certain members of his cabinet, notably Finance Minister Sommai Hoontrakul, Industry Minister Chirayu Isarangkura Na Ayudhya, and Deputy Minister of Industry Mechai Viravaidhya.

Dictated by the International Monetary Fund (IMF) and the World Bank, Sommai's policies are plunging the country into the vicious cycle of debt repayment. Thai law stipulates that the finance ministry can only borrow for the purpose of development. At the end of the month of October, Sommai proposed a royal decree to the cabinet, a decree that would allow the ministry to contract foreign loans for refinancing purposes. This decree will legalize the practice of using lower cost loans to refinance higher cost ones.

Not only have debt repayment priorities overridden all other economic concerns, but another devaluation of the local currency is in the wings. Financial sources are expecting that the baht will be devalued to about 30 to 35 to the dollar by the end of this year or the beginning of next year. Capital flight, the typical and predictable phenomenon following a devaluation, has begun. An unspecified but unusually large outflow of foreign currencies, particularly dollars,

has been monitored by the finance ministry and the Bank of Thailand.

Debt repayment priorities set by the IMF and the World Bank are also rapidly pushing aside economic development plans. Early in October, Industry Minister Chirayu ordered that all large-scale, capital-intensive projects with long-term returns be shelved. The Eastern Seaboard Complex is being whittled down, even though these projects have already received loan commitments from Japan. The yen-loans for the Eastern Seaboard development cover the Laem Chabang Port and Industrial Complex, the Nongkolaem Chabang water-pipeline project, and the Mab Ta Put Port and Industrial Complex.

To make things worse, upon Chirayu's recommendation, one birth-control propagandist, Mechai Viravaidhya, was brought into the cabinet to work on "Rural Development." To take a population-control approach to economic problems is already to admit failure as an economist, whose science is to create conditions for the development of the productive economy and expansion of population.

The "Mechai touch" in "Industrialization of Rural Areas" is to promote small cottage industries that can be set up in one's backyard. For instance, Mechai told the *Bangkok Post*, "Villagers should be encouraged to make cement blocks during the off-season [when there is no rice harvest]."

Collaboration is already forthcoming from the interior ministry to encourage rural people to build houses

with cement blocks instead of chopping down trees and denuding forests.

The "small is beautiful" obsession of Mechai is nothing new. The desolate state of African nations today speaks for the consequences of those "small is beautiful" policies inspired by the IMF and World Bank.

Rather than trying to launch significant agro-industrial projects that would transform the rural areas and rural life, Mechai prefers band-aid solutions, where major surgery is called for. The patient, in this case, Thailand, is certain not to survive. That is the fatal "Mechai touch."

Some confusion also seems to reign in Mechai's mind about human resource development. Opening an October seminar on the subject, Mechai said that progress in ASEAN nations was hindered by a shortage of skilled workers, employment opportunities, and productive jobs. Do his plans therefore involve creating job opportunities that would transform and develop labor skills to a higher level? Not at all. Mechai wants to employ workers who return with skill training from the Middle East. But where are the big projects to absorb them? Does he expect these well-paid, skilled workers to go into "cottage industry?"

Mechai recently returned from Germany and Belgium, where funds for his "band aid" projects might readily be made available to keep Thailand on the path of economic decline. Mechai is also working to involve more non-profit and religious organizations in his schemes. This is a social worker at work, hanging lace curtains around a funeral hearse, not a deputy minister.

Prem's political destiny is not determined by the heavenly stars, but by those "stars" in his own cabinet whose courses he does have the authority to alter.