

Current Economic and Political Developments in Thailand

Prasong Soonsiri

Introduction

Distinguished participants, Ladies and Gentlemen. It is indeed a great pleasure for me to be with you today to take part in this discussion on the rather topical subject of "Current Developments in Thailand". I should like to say a few brief words by way of introduction to that discussion.

Of late, Thailand has been receiving a great deal of attention and coverage in the international press and business circles as a small, peaceful and dynamic country in the fast-growing region of Southeast Asia. Often pointed out as the signs of economic success have been the impressively high economic growth rate, the rising number of visiting foreign tourists, the massive inflow of investment from overseas and the rising export earnings. Many people are attracted by the general climate of freedom and openness in the country, the stability of the Thai society and the fairly developed stage of Thai democracy. The country is so peaceful and secure that it appears to radiate confidence. But, I should say, success did not come overnight. It must all be viewed, properly, in the context of what transpired in this past decade. Success of today stemmed from whatever that had gone before it.

Allow me to take you all back to 1980, which happens to roughly coincide with the ascension of General Prem Tinsulanonda as Prime Minister. At that time he appointed me the Secretary General of the National Security Council that was under him as the Prime Minister. As you well know, the global economy was then faced with a great deal of turbulence, with serious problems of inflation, recession, unstable international trade and exchange rate regimes, unemployment and external debt difficulties. These problems affected all countries to various degrees. As a small developing country with an open economy, Thailand was particularly hard hit. With a soaring oil import bill and steadily declining prices in the world market, there were serious pressures on the current account that put the financial viability of the country in danger, it was no small miracle that Thailand emerged from such acute crises with a strengthened economy which permitted a high growth rate coupled with healthy external balances.

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Introductory Remarks

Khun Prasong, Excellencies, ladies and gentlemen. Good Afternoon. On behalf of the Information and Resource Center I would like to extend a warm welcome to all of you today. It is also a great privilege for us to welcome Khun Prasong Soonsiri to our Asia-Pacific forum. Three weeks ago when we had another very distinguished speaker, Saudara Anwar Ibrahim. I had said that it was not an easy task to introduce the Malaysian Minister of Education. I think my task is a little easier this afternoon for the reason that it is more difficult to describe politicians than the leaders who are the political conscience of their nations. Mr Prasong spent a life time career in the public sector. He received his military training at the Chulachomklao Military Academy before he went on to the Royal Thai Air Force. He also had further training in military schools in the United States. He found time subsequently to obtain a Masters degree in Business. Starting his career as a pilot officer in the Directorate of Air Intelligence of the Royal Thai Air Force in 1954, Mr Prasong rose steadily to become the Secretary General of the National Security Council in 1980.

In August of 1986 he was invited by then Prime Minister Prem Tinsulanonda to become the Secretary General to the Prime Minister. As the alter ego of the Prime Minister, for eight years Mr Prasong saw the transformation of Thailand from a country known better for its occasional coups into a Kingdom that is now poised to become the next NIC in Asia. The Prem government as we all know left a legacy of economic and political stability which is a basis for its dynamic democracy today.

The art of politics and government have always been a serious matter in the history of mankind. It is in the charge of those who have either been bestowed the gift of statesmanship or by those who crafted the ingenuity of leadership. Whether we refer to the period of the three warring kingdoms of China or the Europe of the Renaissance, Europe of Napoleon or the Austro-Hungarian empire there has al-

ways been a man whom the great French philosopher, Raymond Aron has defined as "the intelligence of the personified state" - the man who incarnates the intelligence of the state and who is at the same time the political master of the system and the conscience of the state. This man is not necessarily and rarely the prince of the state. But he is his shadow always behind or beside the prince. He is an inseparable part of the Supreme Authority of the state. His reward is only that he serve the Kingdom well and that he is a true patriot. He is called the *eminence grise*. The names that immediately come to our minds are therefore those of the Cardinal Richelieu, Metternich, Talleyrand and Khong Minh. In this era today of fast telecommunications and the mass media, the role of the *eminence grise* is often forgotten as the prince or prime minister, in modern parlance, is under constant limelight. But his functions still exist and he remains even more crucial in the crafting of state policies. In the definition of strategies and the defence of state interests in the very intricate context of Thai politics, the role of the *eminence grise* is all the more necessary as behind the Prime Minister that there must be someone who acts as a conciliator amongst all the contending forces - the politicians, the military and all other interest groups.

During the last decade and in a very uncertain regional and national environment, Thailand as a front-line state that was under a constant threat from its neighboring power has evolved from military rule to a functioning democracy. Our distinguished speaker, Mr Prasong Soonsiri played a very decisive role then and continues to be the conscience of his country today. I have therefore the honor and the privilege to invite Mr Prasong to speak before us today.

M. Rajaretnam
Director, IRC
1 April 1989

cushion Thailand's agricultural sector in the rural area against the adverse impacts of the economic recession. No stone was left unturned where it concerned the improvement of the quality of life and the raising of income, particularly at the village level. Substantial progress was made on the improvement of health care, social welfare, educational facilities and basic essential services such as water, electricity, roadways and transport. However much has been done, a great deal more effort will still be needed to overcome this complex problem of rural poverty.

Apart from the sound and prudent economic management, the Thai government also took to task the problem of insurgency that was then a major threat to national security and development. The correct foreign policy of befriending the People's Republic of China, then principal supporter of communist insurgency as well as the domestic program of granting amnesty to communist defectors finally yielded tangible results. For several years now, Thailand has become a more secure and peaceful country, releasing national resources and energy to the more productive and needed sector of the economy.

Democracy which ranked among the highest of priorities was carefully nurtured enabling it to take root in the Thai society and become the norm of the political process. Wider popular participation was actively encouraged while overall stability was secured by strict adherence by all participants to the ground rules. The government firmly believed in the freedom of expression and allowed a viable and vocal media. With a climate of an open society conducive to initiative and innovation, the public have had a greater say in the crucial decisions of government.

Meanwhile, Thailand's international stature rose to an unprecedented height. Together with our ASEAN friends, Thailand has strictly adhered to the principles and purposes of the United Nations in its approach to the Kampuchean conflict. Year after year, the international community supports, in growing numbers, the ASEAN resolution on Kampuchea and consistently condemned the use of force to invade and occupy another country. As the international environment became more conducive to dialogue and peace, approach was made to Moscow followed by a visit by the Prime Minister. The Soviet leaders were urged to quicken the peace process in Southeast Asia. Indeed, by the time Prime Minister Prem

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It took tough decisions and mettle at the time to arrest the decline and restore the financial stability and credit worthiness of the country. Public outcry was met with steadfastness and determination in maintaining strict monetary and fiscal discipline. Public expenditures were adjusted to prevent adverse impact on the domestic economy and external balances. A ceiling on foreign borrowing was imposed and strictly adhered to. A number of momentous decisions were made to maintain an appropriate exchange rate policy that contributed to the stability and competitiveness of the Thai economy. Moreover, the Thai

government also adopted the right policy of sound investment strategy. Careful screening of large investment projects had been instrumental in avoiding large "prestige" projects which were, however, economically unsound. Through close cooperation with the private sector, the process of industrialization has been transformed in less than a decade from import substitution to export orientation. The share of manufactured goods in Thailand's exports thus rose from 32 per cent in 1980 to 63 per cent in 1987. And the upward trend continues today.

Of marked significance was the concern for the rural poor - a concern that was, you know, intensely personal. No effort was spared to

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stepped down last August, there was a justifiable hope that the efforts to get a political settlement in Kampuchea were about to bear fruit. Vietnam, under pressure from all sides especially from China and the Soviet Union, was looking for a way out and announced substantial withdrawal of its troops from Kampuchea.

Recently, observers have noted that the stance of Vietnam and Phnom Penh had once again hardened considerably. One can only hope that they will come to their senses and realise that their futile attempts to buy time would achieve no more than prolong the agony of the people of Vietnam and Kampuchea. Vietnam should have seized the opportunities provided by the general reduction of tension among the Superpowers and immediately withdraw all troops from Kampuchea, directing all their resources instead toward their own economic development.

As for Thailand, I hope that the government will continue the successful policy of the past in forming a united front with all our friends in approaching the security question

of the country. It is important that we weigh carefully the pros and cons and, of course, the timing of our actions. Any miscalculation or misjudgment will certainly cost us dearly.

Ladies and Gentlemen, over these years, vital aspects of our society have been set in place and have become so well entrenched that it is difficult to foresee any significant backsliding. Political stability and openness underpinned by parliamentary democracy are here to stay. Economic strength which has been built will continue with the private sector as the robust engine of growth. There remains at the forefront of our minds an important, deep-rooted concern, namely, that in our single minded pursuit of sectoral wealth, and in a climate of self-congratulation and inclination towards expediency, we may have become complacent about rural poverty and the lingering plight of those majority making a meagre living on land. Thailand can neither afford to ignore the problem of rural poverty nor overlook the urgency of making a fairer distribution of national wealth. This was, is and will always be the key to a

secure and prosperous Thailand.

I have attempted to give an overview of what has been achieved in Thailand over some past decade. In this exercise, I do not think anyone would grudge a due and fulsome tribute to a man who played such a pivotal role in this important chapter in the life of our nation. The person I refer to is, of course, General Prem Tinsulanonda, former Prime Minister of Thailand. It was a privilege to have worked for him and to have witnessed such honesty, integrity and such qualities of leadership. Now in happy retirement from politics, General Prem is still active in serving His Majesty the King as one of His Majesty's Privy Councilors. We all of course wish him well in all his future endeavors.

This is the full text of a talk given by Sqdn Ldr Prasong Soonsiri on "Current Economic and Political Development in Thailand" on 1 April 1989 at the Pan Pacific Hotel, Singapore. The talk was hosted and sponsored by the Information & Resource Center.

Discussion

Question: How would you rate the performance of the government of Prime Minister Chatichai and where would you say his government is going wrong and where is he going wrong?

Answer: It is not polite to criticize my own government outside the country. If I were in Thailand then it would be a different matter. I would like to personally wish that the new administration would carry on their duties in order to make our country prosperous and encourage our friends to trust and believe in our government's stability.

Question: You have just spoken to a Thai reporter about your recommendations. Obviously it is on record then. Could you share some of your recommendations with us?

Answer: The new administration has good intentions but their methods of implementation differ from the past in many areas because they might have new ideas or methods which they believe can ful-

fil the objectives more quickly. Most of them are businessmen. Businessmen never think of the risks except only to invest.

Anyway, in the affairs of the state we should be careful on how much we have to spend, and whether we will gain or lose in the gamble. That is the risk in dealing with international or security issues. Otherwise you might lose or take a longer time to achieve your objectives, for example, the Kampuchean issue. Everyone knows that Thailand is embarking on something different in inviting Hun Sen to Thailand even though it does not recognize Phnom Penh. The new administration's actions has caused confusion among our friends. They tried to explain that this new approach might solve the problem of Kampuchea more quickly. As one who has worked with this issue for a long time and as an intelligence officer, I can say that they have knocked on the wrong door. Hun Sen is a puppet installed by the Vietnamese government.

I wrote an article in the Thai

press disagreeing with this approach. I see many risks. The first risk is that I am not sure whether this avenue would lead directly to the objectives. It is like driving a car with friends on the highway. The objective is still far away. It is safer to use the same way as the driver would not meet with accidents as well as be able to travel with his friends. But suddenly, the driver turns into a small soi believing that there is a shorter cut to the objectives. However, he does not know whether the road leads to a dead-end or is one way and hence might be stuck in the soi. If this happens how can he resume as before on the highway with his friends waiting for him? It is a risk in making hasty decisions. We are currently using the approach of the United Nations. We have many friends. This is just an example. The driver might have good intentions which is to lead us to the objectives more quickly. But he has knocked on the wrong door. While visiting China, he was informed of

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the Chinese preference of no trading with Vietnam or Indochina until Vietnam withdraws its troops from Kampuchea and that Thailand will not invite Hun Sen back to Bangkok again. These were the last words that Chatchai promised Peking. This is my personal opinion on the Prime Minister or the new administration. I caution him or the administration to be careful while handling international issues. During the time when I had to handle this issue, especially in the international arena, I had to find out which stage to play, who were on the stage, who were the rivals, how much we had to invest, how much we had to pay if we lost, how much we stood to gain if we won?

In the Kampuchean conflict there are many players and the smaller players are not that important, in my opinion. There are big backers behind those players in the game. We have to look around to see who is playing the game otherwise we will have a big risk. As a small country we have to adjust for our own security. I am not looking down at small countries like my country but it is true that only the superpowers can do something even if they are in the wrong. A superpower can say that it is right. If a small country commits a wrong doing it has to admit that it is wrong and not proclaim to the public that it is right. If stubborn countries like Vietnam or Kampuchea insist that they are right when they are doing the wrong things, then let them do the 'right' thing. That is what I disagree with.

For 10 years we have done many things together with our friends in ASEAN - with Singapore, Malaysia, Indonesia, Philippines and even Brunei. So I still hope that one day the administration will review their opinions and learn. I am not criticizing the advisor. I used to be the advisor and was criticized. I hope that one day when the Prime Minister gets some new recommendations and if he listens he might change from his previous position. I do not want to fight with Chatchai. It is not the time to fight with him yet.

Question: You have given us a backdrop of the legacy that the former Prime Minister Prem left behind for this new administration to undertake. What kind of Prime Minister do you think that Thailand needs now to preside over in the near future? What are the qualities a Prime Minister of Thailand should have at this moment when Thailand is going to become the new NIC of Asia?

Answer: It depends on the character of each Prime Minister, and on the situation. When the situation calls for the leadership such as that of a dictator's then it is alright. When the situation demands that the leadership be democratic, then it is alright too. For Thailand with its customs, we need humble, honest people with integrity. It is better for the leader of country to say too little rather than too much or too often because no one can correct him if he makes mistakes. If the Prime Minister of Thailand makes a statement today and has to change it tomorrow and if that happens often, then it will be difficult to trust or rely on him in future. It will be difficult for our friends to be confident of us. That is the problem. It is a problem if one talks too often and without any thinking or planning as a psychological warfare to please the public and increase one's popularity by reacting at once to what they want or need. These are the criteria or personality needed for leaders of countries.

I used to ask Prime Minister Prem why he spoke so little and that the press wanted him to say something more. His reply was that he was the Prime Minister. There were the spokesmen, secretaries and ministers whose duties were to inform the public what they had done. If the Prime Minister makes a mistake then who can correct him? It is not good if he corrects himself too often. General Prem's answer is a good example to indicate that the responsibilities of a top man is enormous. One has to think carefully first before speaking. And one has to plan first before promising something.

Question: How much support does Chatchai have from the military, especially Chaovalit? How much do the senior military officers know of Hun Sen's visit? Does Marshall Siddhi still have much influence in shaping Thai foreign policy?

Answer: Both the military and the leaders of government knew of the invitation to Hun Sen. But I do not know who wants to be credited for it. From interviews done in Bangkok it is clear that most people know about the invitation but not the exact date. The military probably did not know. Marshall Siddhi has been the foreign Minister for more than eight years. He has much experience and has gained confidence among our friends. In the cabinet system, the decision of every policy should come from the government and by law the Prime Minister should decide but has to inform the cabinet. If he does not in-

form the cabinet then it is not in accordance with the regulation and the law. So our cabinet system is quite different from other systems in other countries.

Anyway, a minister has to follow the decision of the cabinet. When Marshal Siddhi was working with General Prem, some people had remarked that General Prem was not keen in international or foreign politics. As one who has worked very closely with General Prem, I can say that he knows everything that went on in his government. But he is the kind of leader who would allow the person to do the job once he (General Prem) has delegated it. If something goes wrong General Prem would correct it or invite them to discuss the problem. Sometimes if he wants to sell his idea he will consult only those concerned or to whom he has assigned the duty to.

Marshal Siddhi was assigned by General Prem to work in foreign policy. Marshal Siddhi informed General Prem every time an assent was needed and General Prem usually approved them. Sometimes he would make recommendations to Marshal Siddhi. Both men worked closely because they were friends and trusted each other. Each did not want to take credit from the other side. So it has worked this way in the past with no confusion or conflicts. Everything was smooth. But it did not mean that the Prime Minister ignored everything. I can say that because a lot of work was put on me to coordinate with every minister. I had to keep track of what that minister was doing, to check upon the minister to find out whether he had finished what the Prime Minister had ordered him to do, what obstacles, difficulties were faced, etc. So General Prem set up a committee similar to a permanent secretary committee which I chaired. My friends called it a mini-cabinet. But it was not a mini-cabinet. It was a committee to coordinate the implementation of government policies. We had to monitor the implementation of a policy after it had been agreed on by the government. I learned a lot there. We had to push some people to work to get the results. During my time I was often criticized for following up on the people. However I did not follow up on their background or behaviour. Rather, I followed up on their work - whether it was finished or corrupt.

In the present foreign policy situation I sympathize with Marshal Siddhi because of the change in the way of working. But Marshal Sid-

dhi understands this and is patient about it.

Question: How stable do you think the present coalition government of Thailand is? I have heard reports that it could last, for maybe two or three years. Others who told me that it could last no more than 6 months have been proven wrong. What is your view?

Answer: I cannot predict how long they could stay in power. Their work will determine whether the Thai people will support them or not. If their work has been good then the Thai people will support them.

Question: We all realize that Thailand is at a stage of becoming a very viable democratic state. What are the prospects for this democracy to grow and stabilize itself without Thailand returning back to some kind of rightist military rule?

Answer: You are afraid that there might be a coup d'etat to stop the democratic system. I may have been out of the military for a long time but the coup d'etat is out of date. I do not think the military still thinks of seizing power from the government. The Thai people are educated well enough to protect democracy. It will be more difficult for those who attempt to seize power. I think the present military leaders realize this and they are democratic enough to continue and protect the present government to enable it to stay on. This is my sincere belief on the situation. If someone wants to become the Prime

Minister or Minister he should come by the right way of election. However the constitution at present allows for becoming the Prime Minister or Minister without an election.

Question: As a Thai, I do believe that General Prem is a great promoter of democracy and we have come a long way and are moving towards the right direction. Since he is a great believer in democracy, I would like to seek your view as to why he did not choose to run for elections.

Answer: General Prem became the Prime Minister because of the situation. He has no ambition in politics. This is why he did not run in the elections. He is not a politician. If you ask someone with political ambitions he might say that he will run in the next elections. General Prem dissolved Parliament three times. The first time was in 1983, the second in 1986 and the third time was last year, 1988. He had his reasons. Even as a military man he stuck to the rules and orders, law and constitution. He chose to dissolve Parliament because he wanted to solve the problem by confronting the root cause. Some politicians do not want new elections because campaigning is very tiring and much money is usually spent. So they complained that General Prem should not have dissolved Parliament but instead resigned or stepped down in order for a new government to be formed. If you look into the real situation you will find that the real cause was not the administration but Parliament itself. It was dissolved the first time after

the scandal on oil buying from Saudi Arabia — the telex between the Chart Thai and Social Action Parties. Both sides were trying to buy oil from Saudi Arabia through their ministers, and members of parliament. That was the cause that stalled the working of Parliament because each Party was fighting the other during the sessions. So General Prem dissolved Parliament to let the people decide who was wrong.

The second dissolution of Parliament was the result of some members of parliaments from the ruling parties who had raised their hands in support of the opposition party in an attempt to topple the government. How can you control such people in the administration? In the third and last time, on April 29 1988 the faction of a big party in the coalition government supported the opposition on the copyright bill. Even though the outcome was favorable towards the government, General Prem told me that he could not work with those who try to use force rather than adhere to the principles of the party. So he dissolved Parliament. That meant the Prime Minister had to go as well as the members of parliament. If he had wanted to stay in power why then did he dissolve Parliament for the third time? I would like to explain about General Prem to you. He has a democratic mind. He was almost toppled by military revolutions twice. I was involved in both the situations then. It did not mean I joined hands with the revolutionaries. I was involved because it was my duty to find out who was involved in the revolutions.

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