

Recent Economic and Political Developments in Thailand

Five months after surviving a coup attempt, Prime Minister Prem Tinsulanon still faces a troubled political-economic scene. A number of issues will test Prem's staying power: continued military factionalism, the return of former Prime Minister Kriangsak as a political force, or the emergence of an especially difficult economic issue each has the potential to precipitate a change in the government. [REDACTED] 25X1

While Prem will remain vulnerable, recent developments have added some stability to his domestic position. Prem has used the annual military shuffle to solidify temporarily support in the armed forces. Critics of his economic management remain unorganized, and Kriangsak needs wider support at high levels before he becomes a credible political threat. Finally, an important factor maintaining Prem in office is the absence of an alternative figure or group acceptable to the palace and the various military factions. [REDACTED] 25X1

Political Variables

The April coup attempt left the military--Thailand's foremost power broker--uncommonly factionalized. The largest political force in the country, the military is involved in every facet of Thai political and economic life, and little can be accomplished in the civilian sector without its acquiescence. The impetus for the abortive coup came primarily from junior field-grade officers and highlighted growing generational divisions within the military elite. The plethora of factions does not represent clear-cut divisions by age, ideology, or social background; they often coalesce around a particular officer, while any one individual can belong to more than one faction at a time. [REDACTED] 25X1

Members of all factions are trying to exploit the current, unsettled conditions. Titular leader of the abortive coup Gen. San Chitpatima has returned to the Senate. Some of the "Young Turk" colonels who were the driving force behind the coup--and were granted amnesty by Prem--have declared their support of former Prime Minister Kriangsak. Others are reported considering entering civilian politics to take advantage of popularity they retain among the ranks, and a few clandestine coalitions reportedly discussed mounting a coup against Prem earlier this year. We know of no group, however, that possesses sufficient strength at present to pose a serious threat to Prem. [REDACTED] 25X1

Moreover, Prem has been able to use the just completed annual promotions and transfers for senior Thai military officers to solidify at least temporarily his support in the armed forces. He has advanced professional and technocratic officers who tend to follow the chain of command and should remain loyal to him. Officers affiliated with the Young Turk group were generally moved to

inactive positions. Some of the senior supporters of Kriangsak were displaced in the shuffle. [ ] 25X1

Former Prime Minister Kriangsak's landslide victory in a National Assembly--the elected house of parliament--by election in August eventually could add to the political difficulties of the government of Prime Minister Prem. Kriangsak now can recruit a considerable number of elected legislators to join his new Democratic Nation Party, and he will receive some support from members of the appointed Senate. Before Kriangsak can pose a credible threat to Prem, the former Prime Minister will need to overcome his low standing with the Palace--particularly the Queen. Moreover, as a result of the recent military shuffle, Kriangsak appears to lack strong support among the top levels of the military. [ ] 25X1

Although the King is concerned about Prem's poor performance and by his attempts to use his palace connections to improve his political position, any shift to another favorite is likely to be gradual. The King probably will try to convince Prem to step down before the general elections in 1983 if an acceptable alternative can be found. If the royal coolness toward Prem becomes widely known, however, his remaining support in the Army could erode rapidly. [ ] 25X1

#### Weak Coalition

Prem's coalition government is marked by disunity at the top levels. It is made up, in part, of opposing political parties selected to represent the balance of forces in the National Assembly. The largest of Thailand's four major parties, however --the Social Action Party--no longer is included in the cabinet. [ ] 25X1

The government thus represents a minority of the legislature. The appointed upper house--the Senate--is composed predominantly of active and retired senior military officers dedicated to preserving their social and economic status, who can be counted on to resist any legislation that implies precipitous change. Its members are directly selected for six-year terms by the prime minister upon approval of the king. All of these factors combine to prevent passage of legislation to solve Thailand's economic and political difficulties. [ ] 25X1

#### Economic Problems

Since Prem took office in March 1980, he has personally focused on Thailand's economic problems, but his ministers have often been preoccupied with narrow political interests. As a result, the Prem government made no headway against inflation in 1980 as the impact of higher oil import costs, drought-induced food prices increases, and wage increases pushed inflation to a 20-percent rate, up from 15 percent in 1979. During 1975-78 in-

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flation averaged less than 8 percent annually. [ ]

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Poor export performance--largely a result of weak foreign demand for rice, tin, and rubber--earlier this year produced an internal debate over the need for import restrictions to stem the deterioration in the current account. Instead, at the urging of the IMF, the government devalued the baht, despite the opposition of domestic Thai business interests and some within the Central Bank. Prem was able to deflect most of the ensuing criticism by blaming the IMF for the move. [ ]

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The Prem government has succeeded in gaining public acceptance of periodic utility and oil price increases mandated by international financial institutions in return for development credits and balance of payments support. The World Bank, in fact, has stated that the government has made substantial progress toward achieving realistic domestic oil prices, and the IMF has supported the Bank's optimistic assessment by agreeing to a two-year \$940-million stand-by credit. In return, the Prem government agreed to tighten fiscal and monetary policies, and to enact measures aimed at boosting agricultural productivity and shifting industrial development from an emphasis on import substitution to export promotion. [ ]

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Persistent pressure from the IMF and the World Bank should result in gradual structural changes in the economy, but the results will be barely visible within the next few years. Moreover, if economic conditions deteriorate to the point where adhering to the IMF's performance criteria threatens entrenched business interests, the reform package could be quickly discarded. In the meantime, the country's strong agricultural resource base will continue to cushion Thai politicians from their failure to push harder for export-oriented industrial development. [ ]

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Military Situation Along The Thai-Kampuchean Border

The military situation along the Thai-Kampuchea border is generally quiescent. Thai leaders are highly concerned, however, over the potentially serious external threat posed by the deployment of large numbers of Vietnamese troops along their eastern border. [REDACTED]

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During the rainy season, Vietnam's 150,000 to 180,000 troops in Kampuchea have been under steady and occasionally intense pressure from resistance forces. In areas along the borders of Laos and Thailand as well as central and eastern Kampuchea, Vietnamese forces in largely defensive positions have been unable to protect their supply and communications lines. Similarly, they have been unable to close infiltration routes that Pol Pot's Democratic Kampuchea forces are using to move from Thai sanctuaries to inside Kampuchea. Now that the rainy season is ending, the Vietnamese have increased operations throughout much of the country, and they have begun upgrading their forces along the Laos-Kampuchea border in a move to counter DK forces active in that area. [REDACTED]

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One Vietnamese division near the Thai border has also been strengthened and has resumed its efforts to block DK forces moving from Thailand into Kampuchea. Elsewhere along the Thai-Kampuchean frontier, the Vietnamese are continuing their cross-border probing actions in an effort to keep the pressure on resistance forces. [REDACTED]

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Vietnamese operations along the border have led to several incidents involving Thai forces. In mid-September, Vietnamese forces reportedly attacked a DK force and a Thai special forces unit, which provides logistical support to the insurgents operating opposite Thailand's Trat Province. The Vietnamese have also launched occasional artillery and rocket barrages against insurgent positions on both sides of the Thai-Kampuchean frontier and, in some instances, Thai military positions and villages have been hit. [REDACTED]

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ASEAN AND THE INDOCHINA REFUGEES: A TOUGHER LINE

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The ASEAN countries most directly affected by the Indochinese refugee outflow--Thailand, Malaysia, and Singapore--are beginning to toughen their policies on accepting refugees. Indonesia and the Philippines are more sympathetic and are likely to maintain their present cooperative first asylum policy as long as countries of final resettlement--especially the United States--continue to guarantee acceptance of all refugees.

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ASEAN countries believe the time has come to stop the exodus at the source and want Washington to take the lead. Their fears are based on the belief that:

- Current policies pursued by all parties involved--the UN High Commission on Refugees (UNHCR), first asylum countries, and final resettlement countries--encourage refugees to leave by offering permanent relocation in the West, where life is infinitely better than in Vietnam, Laos, or Kampuchea.
- The debate in the United States over the admittance of Cuban and Haitian refugees may lead to a halt or cutback in the US acceptance program. If other Western countries did likewise, ASEAN would become permanently burdened with large numbers of refugees. This could create serious domestic problems in Malaysia and Thailand, where public sentiment runs strongly against the presence of refugees.
- There are no longer any compelling humanitarian reasons to accept refugees because most are leaving for economic reasons and not because of political persecution. Given the appalling state of the economy in Vietnam, Laos, and Kampuchea, the refugee outflow could continue indefinitely.

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The ASEAN countries concerned may have floated their new policies in part to try to press the United States and other countries to renew acceptance guarantees for final resettlement. If the policies are implemented, the effect will be to dampen but not completely deter the refugee outflow. Vietnamese boat refugees demonstrated over the past couple of years a remarkable determination to flee regardless of the dangers involved. They would, however, be forced to remain longer on the high seas and be more exposed to the hazards of pirates and weather. In any event, the number of boat refugees, which rose sharply in the first six months of 1981, will probably decrease from now until early 1982 because of unsuitable weather and tightened security measures inside Vietnam. [redacted] 25X1

On the other hand, land refugees from Laos and Kampuchea seem already to have been deterred by a hardening Thai repatriation and camp relocation policy--aided by a temporary improvement in internal conditions and by the blocking of refugee traffic by Vietnamese/Heng Samrin troops--and the number of overland refugees dropped off sharply this year. Nevertheless life inside both countries remains unstable and unpredictable. The borders with Thailand are long and porous; even if Bangkok makes refugee facilities inside Thailand as unattractive as possible, refugees will continue to flee when compelled by factors such as the unavailability of food, disruptive military or guerrilla activity, political repression, and economic mismanagement. [redacted] 25X1

### Thailand

Of the ASEAN countries Thailand has the largest number of refugees inside its borders and is the most likely to be affected in case of another refugee crisis. Bangkok recently announced tough new measures to diminish the attractiveness of Thailand to those seeking refuge. It says it will approach the Voice of America and the British Broadcasting Corporation to assist in spreading word of its new policies:

-- It will close several Vietnamese boat refugee camps on 15 August.

-- Thereafter new arrivals will be ineligible for asylum or resettlement and will be held in a centralized "austere" camp before being repatriated to Vietnam.

-- It will close the Nong Khai camp for Lao refugees and relocate it in the more remote area of Ubon. [redacted] 25X1

Bangkok apparently has not coordinated its new policies with its neighboring ASEAN partners. If the new measures are implemented, Malaysia and Indonesia will be upset because boat refugees pushed off from Thailand probably would end up on their shores. [redacted] 25X1

Thailand ultimately wishes to repatriate Kampuchean and Lao refugees to their homelands. Bangkok may fear that a continuing flow of refugees would leave Kampuchea and Laos underpopulated, opening the possibility that these countries could then be settled by colonists from Vietnam. In the Thai view, this would add to the potential for Thai-Vietnamese conflict in the future. [redacted] 25X1

#### Malaysia

Malaysia sees its problem compounded by the fact that Thailand may already have started pushing off refugee boats, and Singapore may close its camp later this year. Kuala Lumpur is looking at new options, although none is being considered for early implementation:

-- Establishing a moratorium on accepting new arrivals.

-- Setting a firm date after which all new boat arrivals will be pushed off.

-- After a certain date repatriating to Vietnam all refugees at present in Malaysian camps. [redacted] 25X1

#### Singapore

Singapore has never been a country of first asylum; it has only accepted for transit purposes those Vietnamese refugees from camps in Malaysia, Thailand, or

Indonesia, and from ships that pick up refugees on the high seas, who have been guaranteed passage to countries of final resettlement. Singapore recently told a UNHCR official that it will close down the Hawkins Road transit camp as of 31 December and thereafter get out of the refugee business altogether. Apparently it will allow the UNHCR to arrange private accommodation for small numbers of refugees who are guaranteed transit to final resettlement countries. [redacted]

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### Indonesia and the Philippines

Jakarta and Manila are likely to continue their present liberal first asylum policy as long as the United States and other Western countries guarantee to take all refugees for final resettlement. Indonesia and the Philippines have been more sympathetic to the plight of the refugees than have Thailand, Malaysia, or Singapore. In Indonesia the refugee camps are located on remote outer islands and have little direct impact on the Indonesian people. Similarly, because the comparatively small numbers of boat refugees who arrive in the Philippines directly from Vietnam do so in the south, the refugee issue is not a public controversy. Both countries will continue to operate their refugee processing centers--Galang in Indonesia and Bataan in the Philippines--although Jakarta has refused to expand the capacity on Galang from 10,000 to between 15,000 and 20,000 for fear the move might attract more refugees. [redacted]

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### Vietnam

The expulsion of refugees from Vietnam remains a devastating weapon for Hanoi if it wants to destabilize ASEAN countries. There are still thousands of potential refugees in Vietnam, both Vietnamese and ethnic Chinese, who would leave the country if given the chance. A current joke in Vietnam claims that "if telephone and electric poles could grow feet they would try to leave too." [redacted]

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Hanoi could use the refugee weapon for political blackmail. A Vietnamese Deputy Foreign Minister reportedly remarked to a Hanoi-based diplomat last month that Vietnam would not accept repatriation of refugees except as part of an overall political settlement in the



region--presumably meaning recognition of the Heng Samrin regime in Phnom Penh and the cessation of outside aid to Khmer resistance groups. The United States, other Western countries, and ASEAN can do little either politically or economically to bring immediate pressure to bear on Vietnam to accept its refugees back or to stop the exodus. [redacted]

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Nevertheless, Hanoi is apparently trying to enforce increased measures to prevent illegal departures. Internal security officers have stepped up land and sea patrols, penetration of groups likely to try to flee, and surveillance of corrupt cadres, boat pilots, and marine mechanics. Escape is becoming more dangerous; escapees who are caught are given three years in prison, and some escape organizers have been given life sentences or executed. [redacted]

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Corruption in Vietnam, however, remains rampant, and escapees can get out if they have the money and determination. Flourishing escape organizations in Vietnam use middlemen in the United States, Hong Kong, and elsewhere to collect money from overseas Vietnamese or ethnic Chinese to purchase places on boats for friends and relatives. False documents can also be purchased for Vietnamese wishing to make the land journey across Kampuchea to Thailand. [redacted]

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It is difficult to differentiate between "political" and "economic" refugees except perhaps by means of an arbitrary, capricious definition. Recent random surveys of Vietnamese boat arrivals in Malaysia and Hong Kong suggest the refugees fled because of a mix of factors:

- Increasing numbers of highly motivated, anti-Communist former officials of the pre-1975 government in South Vietnam are being released from "reeducation" camps and want to get out of the country.
- Many young men in the south want to avoid conscription. Many would be assigned after minimal training to serve in Kampuchea under northern officers. Most have no desire to participate in Hanoi's expansionist adventure in Kampuchea.

-- Economic conditions are deteriorating. Many refugees leave because they hear over the radio--from the VOA, the BBC, and the Australian Broadcasting Corporation--and also from relatives and friends already resettled overseas that the prospects for economic betterment and political freedom in the West, especially the United States, are good. [redacted] 25X1

The orderly departures program for relatives of those already resettled, set up at the 1979 international refugee conference in Geneva, is still in effect but proceeds slowly. A charter plane leaves once per week out of Ho Chi Minh City. The approximately 1,000 persons who leave monthly in this fashion make no discernible dent in the refugee problem. [redacted] 25X1

THAILAND: COMMUNIST INSURGENCY FACES DECLINE 

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The pro-Chinese Communist Party of Thailand (CPT), while still able to carry out terrorist activities, faces declining support from both internal and external sources. Bangkok's cooperation with Beijing against Hanoi and China's decision two years ago to stop supplying the CPT have drastically lessened the party's ideological impetus as well as its material stores. Furthermore, the external Communist threat created by the presence of Vietnamese troops on the Thai-Kampuchean border has reduced sympathy among rural residents for antigovernment insurgents.

The government claims there are about 10,000 Communist insurgents in Thailand, but this figure has not changed for years and is probably too high. The CPT is organized on regional lines, with little national-level coordination, and its leaders probably have no idea of the total number themselves. Although most members are ethnically at least part Chinese, they range from ideologically motivated university students to bandits seeking a legitimizing banner.

The number of defections from Communist ranks currently is at an all-time high. The abysmal living conditions of the insurgents is a major factor, as is the ideological identity crisis caused by China's de facto alliance with the Thai Government. Last June, CPT representatives--in an attempt to bestow political legitimacy on the outlawed party--asked the government to allow their organization to cooperate in a united front against the Vietnamese. The proposal was rejected out of hand. Instead, the government reiterated its demand that the Communists surrender and accelerated its armed operations against them.

The CPT poses no immediate threat to the stability of the Thai Government but is viewed as a "festering sore"--unsightly and potentially dangerous if left

untreated. Counterinsurgency continues to be the primary concern of Thai security forces. The government fears the development of a pro-Vietnamese wing of the CPT, even though the predominantly Chinese ethnic background of most of Thailand's Communists militates against this. Bangkok also fears the party will shift to recruiting urban terrorists. Although the recent discovery of arms caches in Bangkok suggests that this situation deserves watching, urban residents so far seem resistant to the Communist lure.

In the rural areas, an increasingly enlightened approach by the government to provincial administration is lessening the popular appeal of Communist doctrine. Officials are urged to avoid the imperious and exploitative attitudes of the past and to develop an understanding of local problems. Although the regime's new ideal still has a long way to go to achieve reality, the gesture toward better relations seems genuinely appreciated.

Counterinsurgency techniques developed under General Prem--who appears sensitive to regional difficulties--have also helped the government advance its campaign. Of particular value is the "carrot and stick" approach, alternating military pressure with leniency in welcoming insurgents back into the fold. Rank-and-file insurgents are urged to surrender and generally are treated gently. Usually only a perfunctory period of surveillance precedes their return to society. More renowned Communists may almost become celebrities, sometimes working for the government afterward. Although there is considerable recidivism--one provincial official estimated that 80 percent of all who give themselves up eventually go back to the jungle--the public relations value to the government is high, plus there is a net decrease in the number of Communists.

A dedicated hard core of insurgents is likely nevertheless to persist despite anything the government does. They will remain capable of engaging troops in firefights in remote areas and conducting terrorist activities such as railway and urban bombings. Desperate acts of terrorist violence, however, while straining the country's security services, are likely to further discredit the Communists in the eyes of the people.

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