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The resurgence of US influence on Thailand’s economy and Southeast Asia policy, 1990–2001

Ukrist Pathmanand

Abstract

This article offers an unconventional approach to the study of US-Thai relations. The conventional approach emphasizes political, military, and security affairs but ignores the interrelationship between the economic and political roles of the US in Thai policy making. This study emphasizes the US economic influence in two periods: during the period of anti-communism in the Cold War era, and again during the financial crisis of 1997 onwards. The first of these periods was set within the context of the Cold War. The US promoted liberal development policies as part of anti-communist strategy. The second of these periods was set in the context of globalization and rapid socioeconomic and political change in the Southeast Asian region. The Democrat-led Cabinet of Chuan Leekpai not only fell in line with the economic policies of the US and IMF, but also aligned its regional foreign policy with US aims and ideals.

Introduction and objective

The objective of this paper is to provide some understanding of the economic influence of the United States over Thailand in the larger context of Thai-US relations and the US role in Southeast Asia. Past studies on US-Thai relations mainly discussed American influence over Thailand in terms of military strength, security, and politics. Such noted works as Frank C. Darling (1967) and David A. Wilson (1970) are prototypes of traditional studies arguing that from the end of the Second World War until the period of the Cold War (1945–70), anti-communist policies included: construction of airports, military bases, and seven army camps; construction of several new highways for strategic purposes in the northeastern region of Thailand; assistance for military training; and the presence of about 40,000 members of the US forces. In

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an MA thesis submitted to Cornell University, Surachart Bamrungsuk studied the role of the US in establishing militarism and authoritarianism in Thailand in the period following the Second World War until the 6 October 1976 massacre. Surachart’s work (1985, 1988) does not differ very dramatically from that of Darling or Wilson which place emphasis on policies to contain communism for the benefit of both US leaders as well as Thai military dictators such as Field Marshals Sarit Thanarat, Thanom Kittikachorn, and Prapas Charusathien. The only difference is that Surachart Bamrungsuk’s view is in the mode of leftists in Third World countries who criticized US military assistance as contributing to the creation of authoritarianism in Thailand. His writings were therefore influenced by the ideas of other leftists actively protesting the presence of US bases in Thailand such as Pansak Vinyaratn who wrote for the renowned radical journal, *Sangkomsat Parithat* as well as from his own experience as a student activist.

These studies on US influence by Darling, Wilson, and Surachart arguably dominated the area of conventional political science studies from the 1960s to the 1980s. The US government’s emphasis on political and military influence and security largely defined Thai–US relations. This was the dominant view in studies of Thailand’s international relations.

However, a different approach to the study of US–Thai relations began to emerge in the late 1980s. This was due partly to the fact that the US no longer took an interest in Thailand and the Southeast Asian region as a result of the so-called Nixon Doctrine which called for a US withdrawal from the region. It also reflected the reality of increasing globalization which had made the US a central force in world capitalism. The US proceeded to discard its political alliance with Thailand and emerged instead as a trade competitor. It became one of the countries that put pressure on Thailand to accept laws on copyright of computer software, drug patents, liberalization of trade and services, liberalization of finance, and the surreptitious patenting of Thai Hom Mali rice. It was the US which played a major role in channeling the financial loans organized by the International Monetary Fund to Thailand, instead of concentrating only on South Korea and Indonesia, in the face of the Asian economic crisis of 1997.

However, there are few studies on the changing role of the US to become an economic competitor and to foreground its own economic interests from the late 1980s until its role in Thailand’s economic crisis of 1997.
Surakiat Sathirathai's study on *Thailand and International Trade Law* (1987) is one of the few examples. My own master's thesis from 1983 also addressed the increasing economic influence of the US between the late 1950s and early 1960s. Studies on the role of the US in Thailand's crisis of 1997 are also few. One of them is that by Nicola Bullard et al. (1998), which made a case study of Thailand as part of the IMF's larger economic rescue plan. The subsequent work of Pasuk Phongpaichit and Chris Baker (2000) considered the role of the US and IMF in the 1997 crisis through an analysis of the views and policies of high-ranking US officials at that time, though the book's emphasis was still centered on the role of IMF. In other words, no-one has really examined the relationship the Thai and US governments and the IMF in the 1997 crisis despite the fact that there are many who point to this three-dimensional relationship.

Focusing on US economic influence reveals two other perspectives. First, there is a need for greater understanding of the economic influence of the US government on Thai economic policies during the period of anti-communism in the Cold War era. This is a topic that has received only minimal attention in academia but contributes greatly to understanding the US role in Thailand. Second, there is a need to set the US role in the 1997 crisis in the context of new international economic and political conditions, namely, the US in its capacity as principal player in the capitalist world influencing the IMF to restructure the economic system of Thailand and other nations in Southeast Asia in ways that would be more beneficial to the US economy and the world capitalist system.

Following Thailand's acceptance of the IMF's economic rescue program in 1997, major changes took place within the Thai political arena, namely the replacement of the Chavalit Yongchaiyudh government (December 1996–November 1997) by the second Chuan Leekpai administration (November 1997–February 2001). This major change had tremendous impact on policies towards Southeast Asia. The government of Chavalit Yongchaiyudh was known to stress regionalism in the way it regarded the Southeast Asian region (Funston, 1998). Yet as a new administration which relied upon the financial and political support of the US and the IMF, the Chuan Leekpai government's Southeast Asia policy altered quite dramatically to embrace new concepts and objectives never seen before in Thailand's foreign policy. Some of these new concepts such as democratization and human rights became the staple of the Chuan Cabinet's foreign policy from 1997 onwards,
otherwise known as the flexible engagement policy. A further objective of this paper is to study these new principles and policies towards Southeast Asia to determine whether there is a link between such and the US and IMF economic resurgence during that period, and how this linkage was forged.

Economic influence in the anti-communist era

The US government's political and military policy in Thailand evolved from Thailand's fear of communism. It was legitimized by bilateral treaties and agreements namely the 1950 Agreement of Military Cooperation and the 1962 Thanat-Rusk Joint Communiqué. However a contrary perspective considers that the strongest US influence on Thai society in the Cold War era was economic. This influence sheltered under the same rubric as anti-communist policies but worked under a different hypothesis and methodology. The assumption held by US policy makers at the time was that economic changes in developing countries based on new economic development philosophies including the creation of national institutions for economic planning and policies that stressed economic growth and liberalization were not only sound and necessary but also the only effective method of opposing communism in a sustainable manner.

The influence of the US on the Thai economic system emerged in an unofficial yet systematic and stable manner. It responded concurrently to the benefits of political leaders and policy makers on both sides who had established close contact. The US government wished to combat communism in Thailand and Indochina through economic conditions. Field Marshal Sarit Thanarat seized power after visiting the US for medical treatment from May to June 1958.

During his stay in Washington D.C., Sarit met with several high-ranking officials in the US government to discuss two main concerns. The first was that the US leaders were strongly impressed by Sarit's proposals for anti-communist operations and hoped that he would subsequently have them implemented upon his return. The second concerned the development of the Thai economy on liberal principles which the deputy secretary of state for economic affairs proposed to the Thai leader.

With the return of Sarit and the success of his coup d'état on 20 October 1958, Thailand's policies for economic development underwent drastic transformation at several levels. At the policy level, the shift was
made from economic nationalism to liberalism, emphasizing investment by the private sector both locally and internationally. At the strategic level, as evident by the first National Economic Development Plan, policy was crafted with specific reference to economic liberalism which would prevail until the third National and Social Economic Development Plan (1972–6). At the institutional level, national agencies responsible for planning and monitoring economic development were established including the Office of the National Economic Development Board which later became the National Economic and Social Development Board (NESDB), and the Board of Investment (BOI) to oversee the promotion of private investment as a main component in liberalized economic development.

These policy changes at the strategic and institutional levels proceeded continuously from the time of Sarit’s US visit as a result of close relationships between the leaders of the two governments, including government advisors and personal friends of US presidents who made suggestions on the World Bank report entitled “A Public Development Program for Thailand” which became the model for drafting the country’s first economic development plan. At the same time, the Thai leaders’ readiness to embrace liberal economic policies brought a favorable response by the US government. The US helped to legitimize Sarit’s coup and to assure the subsequent Thanom-Prapas military dictatorship of American protection.

For this reason, the economic influence of the US over Thailand became just as vital a component of policy as that of its political and military influence. Thus the economic influence of the US on Thailand in the 1990s was nothing new but a resurgence within a different context and environment. Instead of being the major player in anti-communism, the US was now the major player in world capitalism.

**The resurgence of US influence in the Asian financial crisis**

After the government of Chavalit Yongchaiyudh announced the floating of the baht on 2 July 1997, the US did not take much interest. It refused to participate in raising a loan of US$17.2 billion mainly from Asian donors, citing four reasons.

First, high-ranking policy makers in the US believed that the crisis resulted from internal errors, namely, mismanagement as well as graft and corruption by the government and private sectors in the countries where the crisis occurred.
Second, high-ranking policy makers in the US were not worried about a possible worldwide contagion effect. This fear, however, was very pertinent to countries in Asia, particularly Japan.

Third, the US decided to assist Indonesia and South Korea rather than Thailand. Indonesia was deemed to be strategically crucial in the Southeast Asian region while South Korea had a larger economy and thus would have a stronger impact on the US economy than Thailand.

Fourth, America's disregard of the economic crisis in Asia derived from legal limitations set by the US Congress which strictly monitored government spending on crisis relief in foreign countries ever since large amounts of money were provided to Mexico in 1994 (Leaver, 1999: 289).

Thus in the initial period, the responsibility was transferred almost entirely onto the IMF. However, US attitudes and policies toward the economic crisis in Asia and in Thailand subsequently began to change. The US began to support and monitor the IMF’s economic resuscitation projects and to inject so-called American values into them.

This crucial change is evident in statements made by Lawrence Summers, deputy secretary of the treasury, which were filled with images of a philanthropic US reconstructing the Asian region by exporting institutions and ideas that formed the basis of its own economic power (Summers, 1998b: 4–5). Summers stressed that the Clinton administration had begun to create a new Asian region by putting pressure on the IMF to expand its economic resuscitation projects emphasizing macroeconomic reforms that included reducing trade barriers, upholding labor standards, alleviating social costs that arise from economic adjustments, and controlling fiscal spending.

Later on Summers also insisted that under US direction this marked the first time that the IMF had made its assistance conditional on recipient countries agreeing to liberalize trade and revoke direct forms of assistance and other discriminatory practices or support that distorted the market (Summers, 1999).

Such statements by high-ranking US officials reflected a major change of attitude designed to protect US interests (Rubin, 1998; 1). These statements appeared after a joint report by the Treasury and Commerce Department entitled “Treasury and Commerce analysis showing impact of Asian crisis on individual states.” The report showed that exports from the states of California, Oregon, and Washington, representing over one third of the tonnage of all US exports, had suffered a dramatic decrease. There were also reports that more than 11 million jobs were lost, partly due to this export fall, resulting in a diminished
level of wellbeing for the American people (Summers, 1998a).

Many US policy makers started once again to focus on policies to alleviate Thailand's economic problems. President Clinton, the treasury secretary Robert E. Rubin, deputy treasury secretary Lawrence Summers, defense secretary William Cohen, and secretary of state Madeleine K. Albright all made statements and speeches on Thailand. All also held meetings with prime minister Chuan Leekpai, finance minister Tarrin Nimmanhaeminda or other key Cabinet members at various venues in Thailand, the Southeast Asian region, or Washington D.C. to discuss possible solutions to the economic crisis.

From this point, US policy makers emphasized that Thailand must strictly comply with the IMF resuscitation programs. This is evident from a statement made by Lawrence Summers during a first formal meeting with the Thai minister of finance in Bangkok on 14 January 1998. He reiterated that the US government had encouraged Thailand to accept the conditions of the IMF's economic resuscitation project. On 13 March 1998 during prime minister Chuan Leekpai's official visit to America, an agreement was signed on US assistance to the Thai government including: a) economic assistance by the US Export and Import Bank to increase bilateral trade; b) technical assistance to high ranking officials on public policies; c) assistance for law enforcement to combat drugs; and d) security and military relations. Most importantly, in the preamble to the agreement, the US government stated its support for and confidence in the IMF program.

Strict adherence to the IMF's economic resuscitation program resulted in two major changes in the Thailand's economic system. First, Thai economic policies had to strictly fall under the IMF's policy of conditionality. On each loan proposal, IMF officials prepared documents spelling out the conditions for the Thai government to implement. Such policy conditionality was tantamount to loss of economic sovereignty. Second, policy changes reflected the IMF's usual crisis prescriptions. The IMF initially demanded cuts in government spending, high interest rates, and a lower budget deficit in 1998. Value added tax was increased to 10 per cent, government spending was cut in various ways, and the prices of oil and utilities were increased.

In the subsequent Letters of Intent (LOI) submitted to the IMF, the Thai government promised to close down financial institutions to ensure stronger confidence in the finance system as a whole, and to begin structural reform in the finance sector through mergers and injection of foreign funds.
Operational plans for structural reform in Thailand's finance system included in LOI no. 4 comprised capital injections for banks, specifications of responsibilities for government banks, capital injections for financial institutions, structural guidelines for monitoring agencies, and tax specifications (LOI no.4). This was exactly the kind of financial liberalization that the US government had been promoting in various countries in Asia. The US was able to force these measures on Thailand because of Thailand's need for the IMF's loans.

In addition, restrictions on foreign ownership in financial institutions were eased to allow up to 100 per cent shareholding for the next ten years; the alien business law was amended; and laws on foreign ownership of property were changed (Bullard et al, 1998: 127).

Finally, the haste in carrying out financial liberalization was a result of the pressures imposed within the framework of IMF resuscitation policies. Several Thai banks entered into mergers with foreign institutions such as the Thai Danu Bank with Singapore's DBS Bank, Asia Bank with ABN Amro of the Netherlands, Laemthong Bank with Singapore's UOB Bank, and Standard Chartered Bank with the Nakhon Thon Bank. The Srinakhon and Siam City banks were taken over by the government, and plans were made to sell both to a foreign institution but these plans failed. Other remaining major Thai banks—Bangkok Bank, Thai Farmers Bank, Siam Commercial Bank, and Bank of Ayudhaya—all increased their foreign shareholding from less than 25 per cent to around 49 per cent (Ukrist, 2001).

It is quite obvious that the trade and investment liberalization policies of the IMF were in tune with US trade policies. Thailand was required to adhere to structural reforms and accelerate privatization of major state-enterprises such as energy, transportation, public works, and telecommunications. The Thai government, through the Ministry of Transport and Communications, complied by mapping out strategies for state-enterprise conversions from early June 1998. An unprecedented number of plans for financial, trade, and investment liberalization emerged as a result of intense demands and pressures that clearly served US interests. In December 1997, the American Chamber of Commerce in Thailand openly called for the removal of restrictions on foreign business in Thailand (Pasuk and Baker, 1999: 24). Later the US trade representative Charlene Barshefsky said in an interview that in the time of economic crisis, "We expect these structural reforms to create new business opportunities for US firms" (Bangkok Post, 6 March 1998).
The economic crisis and the emergence of a new Southeast Asia policy

After Thailand had entered the economic resuscitation program of the IMF in 1997, Chavalit Yongchaiyudh was replaced as prime minister by Chuan Leekpai. This led to significant changes in Thailand’s policy towards Southeast Asia.

Chavalit had continued the policy followed by Thai governments since the late 1980s which had three elements: promoting cooperation within the region; seeking economic advantage; and achieving prominence in a region that was rapidly changing. The Chatichai Choonhavan government (1988–91) had launched the policy of “turning battlefields into marketplaces;” the Anand Panyarachun administration (1991–2) had pursued “constructive engagement;” and Chavalit (1996–7) had espoused “regionalism.”

The policy of “turning battlefields into marketplaces” took advantage of the ending of armed conflicts and overall relaxation of inter-state tensions in mainland Southeast Asia. Thailand’s wanted to be the leader in new initiatives to build the Southeast Asian region, rather than looking for foreign assistance from the West (Vatikiotis, 1996: 275). The Anand Panyarachun policy of “constructive engagement” stressed that Thailand should become more involved economically with Burma and Indochina, to take advantage of their markets and natural resources (Raisser, n.d.: 3). Chavalit’s regionalism policy was both a perpetuation of the two preceding policies and a result of his own intervention in Indochina and Burma from the time he was a high-ranking officer in the army.  

These policies reflected the ending of Cold War tensions in the region, new regional ambitions on the part of Thailand, and a growing distance between Thailand and the US.

Since the 1980s the US had adhered to the Nixon Doctrine of pulling out of Asia. But the US also had an interest in liberalization of trade in the region. The US pressed for amendment of intellectual property laws in Thailand on computer software, medicine patents, agricultural machinery, and bio-technology (Surakiat, 1999: 122). At the same time Thailand no longer attached much importance to the US as a superpower but came to regard China and Japan as its long-time allies. It even placed more emphasis on Australia, a country in the southern hemisphere that was reaching out to have a larger role in the Asian region.  

Moreover, Thai leaders started to pay more attention to Burma, a
country that the US increasingly considered as a rogue state. The Thai government recognized Burma's new military government, and agreed with Malaysian proposals to offer Burma membership of ASEAN in 1995. Despite problems over border trade, minorities, and the regular eruption of armed clashes between the two countries, three Thai prime ministers paid official visits to Burma/Myanmar: General Prem Tinsulanonda in 1987, Banharn Silpa-archa in 1995, and Chavalit Yongchaiyudh in 1996. Later in 2001, Thaksin Shinawatra would also pay a similar visit.

Against the background of the Asian crisis, the new government of Chuan Leekpai embarked on a new regional policy.

Surin Pitsuwan, foreign minister in the Chuan Leekpai Cabinet, stated in January 1998 that “conducting foreign policies in the midst of such conditions is challenging and most vital since this is a period when new directions are emerging to ensure survival amidst these changes. It all depends, therefore, on the extent each country is able to adjust to these new global trends” (Matichon, 2 January 1999). The statement was a clear indication that Thailand’s Southeast Asia policy would no longer emphasize Thailand's economic role in the region and with its main allies China and Japan. Instead the focus had shifted to new values that were in line with the trends of US supremacy.

Soon after, these new values in Surin’s Southeast Asia policy were articulated as “flexible engagement” (later changed to “enhanced interaction”). This had two main principles: termination of the principle of non-interference in the affairs of ASEAN member countries; policies to solve the economic crisis in the short run, and in the long run to conform with values of democratization and human rights.

Surin's abandonment of non-interference in the internal affairs of ASEAN members was not entirely new. It had developed among a new generation of ASEAN leaders such as then deputy prime minister Anwar Ibrahim of Malaysia.20 Surin's target was, however, more direct since his aim was to attack authoritarianism in Myanmar and Malaysia on grounds that the political problems of any nation that affected the stability of the region could merit the intervention of other nations.

Surin argued for the end to non-interference during the ASEAN Ministerial Meeting in July 1998 held in Manila saying, “If ASEAN fails in bringing up the questions of the Asian economic crisis, the challenge of globalization and interdependence, its dignity and the ability to support and protect the interests of ASEAN will diminish” (Surin, 1998).

This was not simply diplomatic rhetoric about the interconnection
between various trends in the modern world, but was an attack on the systems of government in Myanmar and Malaysia in line with the US government's ongoing criticism of violations of human rights in Myanmar, and Malaysia to a lesser degree. US criticism of Malaysia had increased since Malaysia had spurned IMF assistance following the economic crisis.

Both Surin and his deputy foreign minister, Sukhumbhand Paribatra, argued publicly that democracy, political reform, and human rights were conditions that emerged in the midst of socioeconomic changes in various countries in Asia and around the world. Both leaders stressed that the first two decades of the twenty-first century would see all Southeast Asian nations achieving economic growth, rapid expansion of education, and participation in a global society based increasingly on knowledge and pluralism (Sukhumbhand, 1998). They justified Thailand's attempts to attract the sympathy and assistance of the IMF, the US, and the world community on grounds of the need to build capacity to cope with the demands arising from such rapid social changes. They claimed that Thailand's foreign and other policies were designed to adapt to such changing social trends. Similarly, high-level US leaders believed that an open political system, political participation, and promotion of human rights were vital to long-run solution of economic problems. High-ranking officials of the US State Department stated often that several of the countries affected by the crisis were in need of new leadership.

Conclusion

During the economic crisis in Thailand in 1997, the influence of the US on Thailand's economic policies was very pronounced. The influence was exercised through the International Monetary Fund in two ways: through stipulations attached to loans for economic resuscitation, and through major economic structural reforms according to agreements made in the various LOIs. The prevalence of US influence on Thailand's economic policies is of course nothing new but a revival of influence within a new context and sociopolitical climate. During the period of the Cold War, the US influence over Thailand's economic policy was set in the environment of anti-communist strategy. The US pressed for establishment of national agencies for economic planning and for promoting foreign investment to supercede the nationalist economic system created during the Second World War which was an obstacle to
foreign investment. When the economic crisis erupted in 1997, the US, in its capacity as the leader of world capitalism, seized the opportunity to accelerate the liberalization of economic systems in various countries including Thailand. Although US policy makers initially took little interest and stated that Asian countries would have to manage the crisis independently, once the impact of the crisis began to be felt globally, with ripple effects on US exports to Asia, US policy makers began to shift their ground. They took the opportunity to urge various countries to hasten projects for economic reform. High-level US officials including the president, the secretary of the treasury, the secretary of defense, and the secretary of state all took part in pressuring Thai leaders to adopt reforms according to conditions set by the IMF.

Thailand’s leaders at the time responded more favorably to US policy influences than had been expected. Aside from strictly complying with IMF conditions, the Thai leadership shifted its policies towards Southeast Asia. Up to this point, Thailand had been pursuing regionalist policies designed to take advantage of new economic opportunities in the region and build alliances with China and Japan. Policy now shifted towards “flexible engagement” which abandoned the principle of non-interference in neighbours’ internal affairs, and instead emphasized promotion of democratic principles and human rights.

Theoretically, Thailand’s new ideals on promotion of democratic principles and human rights were indeed noble, but they were also closely aligned with US criticisms of human rights violations in Burma and other countries in Asia. This so-called new policy on Southeast Asia policy emerged as another tool for Thailand’s political leaders to win US support in addressing the economic crisis on the domestic front.

Notes

1 This research was carried out under the Core University Program on Networks, Hegemony and Technocracy. Center For Southeast Asia Studies, Kyoto University. Japan.
2 Sangkomsat Parithat (Social Science Review) was a radical publication which received articles contributed by writers who were graduates from abroad or students. It featured articles that offered a critique on politics, foreign affairs, and socio-economic issues. The articles in this journal were antagonistic to the Thanom Kittikhachon regime.
3 Initially the US government and the IMF were interested mainly in South
Korea in its capacity as the seventh largest economy in the world and one of the main debtors of the US. On the other hand, Indonesia, is the fourth largest country in the world and the largest in Southeast Asia with the capacity to significantly destabilize the region.

Surakiat Sathirathai's study concerning trade problems between Thailand and the US is one of the few studies in this area conducted by a university academic from the late 1980s onwards. What followed was a decade of economic conflict between the two nations. Law and economics professors carried out several research studies on these conflicts from the perspective of multinational corporations. These were, however, mostly carried out to serve the specific needs of business law firms instead of adding to a body of academic knowledge about Thailand's international economic policies. Moreover, Surakiat Sathirathai became a policy advisor in the government of General Chatichai Choonhavan (1988–91) and was subsequently appointed minister of finance in the Banharn Silpa-archa (1995–6) administration and minister of foreign affairs in 2001 in the Thaksin Shinawatra administration.

The role played by the US in the Thai economic crisis is covered in the section of Pasuk and Baker (2000) subtitled 'The Washington Version' which studies the statements, testimonies, and speeches of the three giants in the US and world economy at the time namely Robert E. Rubin, secretary of the treasury, Lawrence Summers, deputy secretary of the treasury, and Alan Greenspan, chairman of the Board of Federal Reserves. The book also provides analyses on the statements and speeches delivered at various intervals by other high ranking US officials such as President Bill Clinton. The role of the IMF is covered in the chapter entitled 'Dear Mr. Camdessus: Thailand and the IMF.'

Since the end of the Second World War, practically all Southeast Asian nations pursued nationalist economic policies opposing foreign trade and investment and were also anti-Chinese businesses. In Thailand, the governments of both Pridi Banomyong and Field Marshal Phibunsongkram (1947–57) embraced these policies. See Phanit (1978) and Sungsidh (1980).

Field Marshal Sarit Thanarat made an official visit to the US between May and June 1958 with the additional purpose of undergoing surgery at Walter Reed Hospital (Ukrist, 1983: 65).

Sarit met with President Eisenhower, defense secretary McElroy and his deputy, Mr. Bruchner. He also had talks with naval secretary, Mr. Quarles Gage, and Spraque, deputy secretary of defense and Dillon, deputy secretary of state for economic affairs. Documents on Foreign Co-operation in various projects in Thailand (1958-1966) from the National Archives (Ukrist, 1983: 69).

This is evident in the memoirs of Sarit on his meetings with US leaders where he stated "On May 15, 1958, I met with Mr. Dillon who enumerated the importance of investment by private foreign agencies that could help to develop the economy of undeveloped countries in addition to the financial assistance that the US could allocate" (Ukrist, 1983: 69).
During this period the correspondence of Presidents Eisenhower, Kennedy, and Johnson expressed pleasure in supporting the Thai government’s efforts in promoting economic development all the way through the Thanom Kittikhachon administration which remained in power until 1973.

For example George B. Beitzel, a close friend and advisor to Dwight D. Eisenhower, visited Thailand to conduct a survey on the economic issues and submitted a series of reports related to private investment to Sarit entitled “Expanding private investment for Thailand’s economic growth” (USOM Bangkok, 1959).

At its first meeting, Sarit proposed to the National Economic and Social Development Board that the World Bank’s economic report be used as a model. That board and the successive one faithfully complied in using this particular report. Cited in the Minutes of the first National Economic and Social Development Board meeting, 10 August 1959.

During the Chavalit administration, the US government, as represented by the Treasury Department, had issued only four brief statements dated 5, 7, 11, and 20 August 1997. The statements were made mostly to express the US government’s pleasure at the announcement made by Thanong Bidaya, minister of finance, and General Chavalit to participate in the Credit and Economic Resuscitation Project (Rubin, 1997).

Asian country donors were Japan US$2 billion), Korea and Taiwan (2 billion) Australia and China (1 billion) (Higgott, 1999: 268).

The products exported to Asia from California, Oregon, and Washington states are mostly agricultural products in addition to electrical and electronic spare parts. See Treasury and Commerce release analysis showing Impact of Asian Crisis on Individual State (The US Treasury and Commerce Departments, 1998).

The US reiterated its support for Thailand to accept the conditions set by the IMF. See Treasury Deputy Secretary Summers/Finance Minister Tarrin Press Briefing, Bangkok, 14 January 1998.

The agreement stipulated that the US government had worked closely with the IMF and other international financial institutions in order to help solve the crisis Thailand was facing. It had played a vital role at each stage of the Thai financial crisis, for example by supporting stand-by credit of as much as US$4 billion for the IMF and loan support from the World Bank and the Asian Development Bank at US$1.5 and 1.2 billion respectively. Cited in “Thai-US Relations” Press Release No. 227/2544 (Ministry of Foreign Affairs, Thailand), White House Fact Sheet on US-Thai Relations (press secretary, White House, 13 March 1998).

Chavalit was the key person responsible for diminishing the role of the Communist Party of Thailand (CPT) through negotiation with the People’s Republic of China which had been a major supporter of the CPT. With the support of China, he was involved in giving aid to the Khmer Rouge and was
instrumental in prompting the Thai government to express its acceptance of the military government in Burma after it had seized power in 1988.

19 The first bridge across the Mekhong River linking Nong Khai province and Vientiane was constructed with funds donated by the Australian government during the Chatichai administration (1988–91).

20 He had proposed the principle of "constructive intervention" meaning that ASEAN members should intervene in Cambodia's internal conflict (Anwar Ibrahim, 1997). Jusuf Wanandi, a member of Indonesia's Center for Strategic and International Studies, had also proposed exemption of the non-interference policy in the case of Burma but done silently within the ASEAN bloc.


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