

## Southeast Asia by Sophie Tanapura

### World Bank scheme exposed

*Some cabinet figures in Thailand are not swallowing the privatization gimmick to 'solve' the economic crisis.*

**T**he Bangkok representative of the Fusion Energy Foundation and the Schiller Institute, Pakdee Tanapura, exposed the World Bank scheme to privatize state enterprises before some 70 trade union leaders on July 30. The Bangkok seminar was set up under the auspices of the Thai Trade Union Confederation, whose president is Paisal Thawatchainan. For the last two years, the World Bank has been crusading to privatize state enterprises, claiming that public enterprises are mismanaged and represent a debt burden for the state.

Privatization, sometimes called "joint ventures between public and private interests," is the latest free enterprise gimmick offered up to solve any economic ill in developed and developing countries alike. In his introductory remarks, Paisal reported that the giant Japanese Telecommunications Company was recently sold to the private sector. In addition, six private companies are in the process of taking over the Japanese railway business, resulting in layoffs for 57,000 of the 90,000 workers.

In the face of the economic crisis, most intellectuals and economists educated abroad take either a monetarist or a socialist approach, Pakdee began. Trained at such prestigious institutions as the University of Pennsylvania's Wharton School, the London School of Economics, Oxford, or Cambridge, these minds tend to think alike—along lines prescribed by the international establishments such as the World Bank and International Monetary Fund. But this does not make

their proposals correct!

World Bank officials have the same ready-made "recommendations" wherever they go—currency devaluation, floating exchange rates, austerity measures, price rises, population control, investment cutbacks, less imports and more exports. "Let me ask you: Who will buy the exported goods if everyone is supposed to reduce imports and increase exports?" Pakdee retorted.

Pakdee Tanapura presented facts and figures to refute some popular beliefs about state enterprises:

1) State enterprises, in general, are far from being bankrupt. Official 1984 figures show state enterprises assets total 371,205 baht, whereas their total debt amounts to only 275,845 baht.

2) State enterprises have over the past three years increasingly created revenue for the state. In 1982, the state earned 4.9 billion baht from public enterprises. In 1983, the state received 6 billion baht and in 1984, 7 billion baht.

3) State enterprises that are public utilities have cases of failures but also successes. The Electricity Generating Authority of Thailand producing 6,133 megawatts nationwide for three million electricity consumers made a profit of 3.7 billion baht last year.

As for the deficit state operations, such as the Provincial Water Works Authority and the State Railway of Thailand, the flaw does not lie in whether they are in the hands of the state or the private sector. The Provincial Water Works has 74% of its assets invested in land and 17% in pro-

ductive service equipment, Pakdee revealed.

The same distribution of assets problem exists in the case of the State Railway of Thailand. Only 30% of the SRT's total assets are in the form of service equipment. At a certain point, it costs the state firm more to maintain old equipment than to buy new. "If more investment can be channeled into renovating the service equipment rather than into fixed non-productive assets like real estate, more revenue could be generated," Pakdee asserted.

Discussion after the speech focused on the World Bank and its local creature, the National Economic and Social Development Board (NESDB), as responsible for the lack of development of Thailand. This intersects the recent rejection of World Bank policies by the Minister of Communications of Thailand, Samak Sundaravej. The World Bank would have preferred a 15% fare increase by the State Railway of Thailand, but the Thai cabinet had only approved a 5.8% increase.

"So long as I remain the Minister of Communications, I will find my own way to improve the operation of the State Railway of Thailand (SRT) without relying any more on loans from the World Bank, which charges high interest rates and puts the borrower at a disadvantage. . . . Thailand's development plans do not have to totally rely on World Bank support and loans," Samak announced.

The World Bank-created NESDB, the government's own planning agency, is becoming unpopular among cabinet members. At the last special cabinet meeting to examine the sixth national Five-Year Plan, the draft handed in by NESDB was so riddled with generalities that it was considered, to put it mildly, incompetent by the cabinet.