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TO : Department of State

INFO: MOSCOW; PHNOM PENH; SAIGON; USUNTOKYO

FROM : Amembassy BANGKOK

DATE: August 3, 1970

SUBJECT : A Soviet View of Thai Economic and Political Difficulties

REF : FBIS Okinawa 270451 Z July 70 (attached)

Enclosed is a summary of a recent Thai language broadcast from Moscow which portrays Thai economic difficulties and goes on to attack the RTG in unusually harsh terms. The primary reason for these difficulties, Moscow alleges, is Thailand's close cooperation with U. S. aggressive actions in SEA. The harder-than-usual line taken is no doubt pegged on the theory that Moscow's charge of U. S. reluctance to pick up the bill for RTG military operations outside of Thailand after having urged the Thai to become involved in Vietnam, Laos and Cambodia in the first place will find some sympathetic auditors here.

The figures from the RTG budget contrasting spending by the Defense and Interior Ministries with that by Education and Health offer an illustration of how to lie with statistics. While the proportional relationships cited are essentially correct, no mention, for example, is made of the fact that the salaries of all elementary teachers in Thailand are now included in the Ministry of Interior's budget -- thereby significantly increasing it and decreasing that of Education. The comparison of the budget of the Ministry of Public Health with that of the Ministry of Interior, which includes the Department of Local Administration and the Police Department with their huge payrolls, is meaningless.

Moscow has chosen to read the reaction to the recent tax increase as an indication of greater political instability than is actually

Enclosure: att v
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justified. While there has been considerable political stirring in the wave of the tax increase and in light of developments in Cambodia (Bangkok 9279) the comparison with the pre-coup period in 1957 is quite overdrawn.

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FBIS Okinawa 270431

MOSCOW IN THAI TO THAILAND 1100 GMT 19 July 70

(Commentary by observer Vitaliy Ivanov on Thailand's economy)

(Summary) Recently, the Prime Minister of Thailand made an official announcement on raising taxes in Thailand. At the same time, the price of rice and other commodities rose quickly. Not long ago, the ruling circles in Thailand boasted that the country's economy was thriving. "Now, the government suddenly finds itself short of money to buy weapons and support the Thai troops which were sent to fight in South Vietnam and Laos. And now the Thai government is ready to send troops to Cambodia. This involves great expenses. There are about 12,000 Thai troops fighting in South Vietnam on the side of the U. S. imperialists, and there are more than 5,000 Thai mercenaries fighting against the patriots in Laos. The ruling circles in Bangkok have also agreed to send troops to Cambodia."

Because the U. S. Congress passed a resolution forbidding Washington to give money for the maintenance of Thai and South Vietnamese troops in foreign countries, the Thai ruling circles have to foot the bill for their military adventures in South Vietnam, Laos, and Cambodia with the money collected from taxpayers in Thailand. Recently, the London Times commented that the situation in Cambodia had aggravated the economic crisis in Thailand and caused U. S. generosity to dwindle. As a result, the Thai government has to shoulder a heavier burden for military expenses.

"The causes for the worsening of the economy in Thailand stem from the fact that the Thai ruling circles subordinate the country's economic development to the needs of U. S. aggression in Indochina. As everyone knows, before Thailand joined the SEATO and entered into a military alliance with the United States, its military budget was much less than today. In 1969, the budget for the Ministry of Defense was three times more than the budget for the Ministry of Education, and the Ministry of Interior's budget seven times the Ministry of Public Health's budget. After signing its military agreement with Washington, the Thai government has had to participate in military preparations of U. S. imperialism in Southeast Asia. As a result, the country's treasury has had to spend many times more than the sum received from the United States as aid."

With regard to this matter, U. S. diplomats have tried to explain by asserting that a country has to defend its stability. "The United States has also used the same assertion as an excuse for building huge military bases in

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Thailand and for pulling Thailand into direct participation in aggression against its neighboring countries in Indochina. For many years the expansion of military forces in Thailand has compelled the country to spend thousands of million baht a year. However, the fact is that nobody is committing aggression against Thailand. Not a single neighboring country in Asia will commit aggression against Thailand.

"The economic difficulties which arose as a result of being dependent on the United States have created internal political problems. The masses of people in the country have come to realize that Thailand has become a country under the beck and call of another country as a result of entering into a military alliance with the United States, and that Thailand has become a country without complete independence. Many political leaders and important figures in Thailand are fully aware that Thailand's participation in the U. S. adventure in Indochina will finally and undoubtedly bring new problems to the Thai people. This feeling has been shown by the protest demonstrations throughout the country and criticism of the pro-U. S. policy of Thailand. This type of criticism can be heard quite often in the Assembly.

"The situation in Thailand is becoming more tense with each passing day. It is by no means accidental that the Thai press compares the present situation to that prior to the coup d'etat in (1957?). With regard to this matter, the press sees it likely that the army might dissolve the Assembly on the grounds that it is a bastion of the opposition group.

"Thailand finds itself in a blind alley after binding itself with the schemes of U. S. imperialism. And it is difficult for Thailand to extricate itself from the predicament if the government continues to pursue its present policy of participating in the U. S. aggression in Vietnam, Laos, and Cambodia."



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