

Thailand: PM pleads for changes to IMF terms

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The recently-installed Thai government headed by Prime Minister Chuan Leekpai has issued an urgent appeal to the IMF to modify the terms of its \$17.2 billion rescue package. Tough new controls on finance and high interest rates have led to a series of bankruptcies and a collapse in economic growth.

Despite the implementation of the IMF measures, the value of the baht has continued to slide against the US dollar, falling below half its previous value. According to Thai Finance Minister Tarrin Mimmanahaeminda, “Our ability to trade has been hampered by the regional devaluation capital flight.”

The original IMF program was based on a projected 1998 growth rate of 3 percent. The National Economic and Social Development Board estimates that the Thai economy grew by a mere 0.3 percent in 1997 and forecasts a contraction of 0.7 percent for 1998.

In a rare appeal, the Thai monarch Bhumibol Adulyadej used his New Year’s speech to urge “the Thai people to prepare yourselves to face possible tougher times—you must lead a life of austerity, be conscious, patient and work harder for the sake of the nation.”

The speech indicates the concerns felt in ruling circles over the political consequences of rising levels of unemployment and poverty. An estimated 1.8 million workers are already without a job, even before the full impact of economic recession has hit.



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