

INSTITUTE OF CURRENT WORLD AFFAIRS

159/1 Soi Mahadlekluang-2
Rajadamri Road
Bangkok, 10500

November, 1988

"Go to Hell:"

The RTAF Responds to Allegations of Corruption

Mr. Peter Martin
Institute of Current World Affairs
4 West Wheelock Street
Hanover, NH
03755

Dear Peter,

Sometime before the July 24 Thai Parliamentary elections, Ambassador William Brown called on then-Prime Minister Prem Tinsulanonda to discuss an important matter. Four people were present at the meeting that lasted for 30 to 45 minutes: Prime Minister Prem; his Secretary-General Prasong Soonsiri; Ambassador Brown; and Counselor Harry Slifer, identified in the Thai press as CIA chief of station. According to an informed source, senior Thai military officials wanted to exclude one of the participants. Thai generals had good reason to be concerned. Brown told Prem that a significant portion of covert U.S. aid, channeled through the Thai military to the non-communist Khmer resistance, was missing.

For a variety of reasons, this newsletter will focus on the ramifications of the allegations of corruption rather than the specific facts of the matter. First, the long-term implications of the issue and the perceptions surrounding it may be more important than the details of the case itself. Second, after a week of front-page stories in early November, which threatened to tarnish the image of the Royal Thai Armed Forces, the local and international press have been guarded in their coverage. The stories spelled out in detail what had been an open secret--how the Thai military serves as a conduit for covert U.S. aid to the non-communist Khmer resistance. Angered by what they saw as irresponsible journalism, Thai officers had their say. Gen. Chavalit Yongchaiyudh, Commander of the Army and Armed Forces, spoke in English so that there could be no mistake: the Washington Post could "go to hell" for printing an early story that made charges of corruption without naming names. Gen. Panya Singsakda, Secretary-General to the

Erik Guyot is an Institute Fellow studying the role of U.S. security assistance to the Philippines and Thailand.

new Prime Minister, Chatichai Choonhavan, threatened legal action to plug further leaks from Bangkok, announcing that "We may throw someone in jail."

More than one month after the aid scandal rocked Bangkok, all sides say that it's over for good. "It went pffft, just like a firecracker. It's finished," said a Thai general close to Gen. Chavalit. He echoed the military's public position that the leak to the Washington Post was low-level and didn't reflect U.S. policy, as some had speculated. "Right now, this thing is finished," added the spokesman for the Thai Armed Forces. A Western diplomat noted, "There were a few cold shoulders [from Thai military officers]. But now, things are back to normal." Although Prime Minister Chatichai, still settling into office and heavily dependent on military support, has promised a full investigation, few people are counting on it.

Yet the Washington Post story, as it is now called, is likely to pop up again. For like a piece of carrion tossed rudely into a clear stream, the story refused to sink out of sight for one week and spun this way and that, pulled by four strong cross-currents in Thai politics. These are: the Kampuchean imbroglio, changes in U.S.-Thai relations, jostling within the Thai government over foreign policy formulation, and the political aspirations of leading military officers.

U.S. overt and covert aid to the non-communist Khmer resistance (NCR) flows through three channels, all of which are tainted by allegations of skimming. Since FY1986, the U.S. has provided from \$3.35 million to \$5 million annually in humanitarian assistance through the Economic Support Fund. Under the Mc Cullum amendment, in FY1988 the U.S. spent \$3 million on airlift to provide the NCR with non-lethal, excess U.S. military equipment. For FY1989, the amount budgeted was about \$13 million.

As for covert assistance, the Washington Post story put non-lethal U.S. aid at \$12 million for 1988, of which Thai officers allegedly skimmed off \$3.5 million. However, other reliable press reports estimate covert U.S. aid at up to \$35 million for FY1988.

Following the dramatic story in the Washington Post, the Thai press provided a detailed description of the mechanism for disbursing covert aid. Three committees oversee the process. The first committee, headed by Thai Foreign Minister Siddhi Savetsila, includes senior Thai military and Foreign Ministry officials. It determines the needs of the NCR in light of policy directives set by the donor countries. The second committee, chaired by Gen. Chavalit, includes American, Singaporean, and Malaysian representatives from the donor countries. It evaluates the results of the aid program. (Singapore and Malaysia each reportedly provide about one third of the U.S. level.) The third committee, composed of only four Thai generals and again chaired by Gen. Chavalit, is responsible for distributing the aid and day-to-day operations.

Although the press named Gen. Chavalit as heading the third committee, the identities of the three other generals on the committee never appeared in print. Their names won't appear here either, but they are all, like Gen. Chavalit, full Army generals and graduates of class 1 of the Chulachomklao Military Academy.

According to an informed source, sometime in March U.S. officials notified Thai authorities that a portion of the covert aid was unaccounted for. It could not have come at a worse time for the NCR. With the withdrawal of Vietnamese troops from Kampuchea by the end of 1990 impending, the U.S. and ASEAN (Association of Southeast Asian Nations) had been working hurriedly to beef up the NCR to prevent a Khmer Rouge return to power. The two halves of the NCR, the Armee Nationale Sihanoukienne and the faction-ridden Khmer People's National Liberation Front, can muster between them perhaps 20,000 troops. The Khmer Rouge, boasting 30,000 to 35,000 toughened veterans, is poised to fill the vacuum after the Vietnamese withdrawal. U.S. and ASEAN plans had called for building up the strength of the NCR to 50,000 fighters. But when allegations of skimming reached the U.S. Senate Select Committee on Intelligence, covert aid was scaled back. Programs for training, intelligence, and propaganda were reportedly either eliminated or reduced.

A representative of the NCR downplayed the impact of the aid reduction, but later apologized that they hadn't been able to print their glossy monthly publication for the past several months. An ASEAN diplomat predicted that the reduction in aid would "most definitely have an effect on the NCR." But he also noted: "I don't think that the NCR has done much [on the battlefield] to impress anyone."

This was not the first allegation of irregularities in the distribution of aid to the NCR. In the past, members of the NCR have claimed that the Thai military overcharged on *materials* purchased with U.S. funds. And in the past, Thai reporters generally viewed the allegations as unsubstantiated. An NCR representative told of one case in which American funds for some 20,000 uniforms yielded about 14,000 uniforms because of overpricing. Thai officers said the issue is now resolved. And Gen. Chavalit, in what was probably the first public admission of past disagreements over the aid program, brought up the incident as a way of explaining how differences over accounting can crop up: "This is crazy, because you can buy a uniform for 100 bhat or 1,000 bhat." (\$4 to \$40.) A representative of the NCR insisted that "the issue wasn't resolved. We didn't get the [full number of] uniforms."

Some Thai officers appear to be puzzled by all the fuss that perhaps approximately 10% of the U.S. covert aid is unaccounted for. Since 1979, the Thai military has expedited much larger shipments of Chinese military aid to the Khmer Rouge and modest amounts to the NCR. A well-informed Western military official, who is not involved in the aid program to the NCR, estimated offhand that the Thai military diverted for its own

use about 10% to 15% of the Chinese aid. For almost a decade, Thai officers maintained the vital aid pipeline to the Khmer resistance, expropriating what they quite rightly saw as their fair share, and no one complained. A senior Thai officer who oversees the military's own "secret fund" explained away the irregularities in the American covert aid program by saying that the books for the Thai military's secret fund don't always balance.

After the meeting between Prime Minister Prem and Ambassador Brown, who left his post as scheduled in August, Prem ordered Gen. Chavalit to make an investigation into the alleged irregularities. But after the July parliamentary elections Gen. Prem declined invitations to form a new government, and the results of Gen. Chavalit's investigation are not known. Probably as a result of the meeting Gen. Chavalit also removed his top assistant from the third committee that distributes the aid. (For the name of the officer removed see page 3 of ERG-8.) He was replaced with Maj. Gen. Surayuth Chulanont, a well-respected officer who served as Prem's aide de camp. Finally, an American official was added to the third committee. A representative of the NCR claimed that since September the flow of equipment has gotten "a bit better." It is believed that previously, Thai officers alone shipped material from Bangkok to the Thai-Kampuchean border. The representative noted that an American now "escorts items to our warehouse."

Although the issue also soured relations between Bangkok and Washington, many claim that the bad taste quickly dissipated. A few days after the story surfaced, the head of the U.S. Air Force Logistics Command paid a visit to Gen. Chavalit and, according to the Thai military, said that the allegations were "a matter of news reporting." The next day, Gen. Chavalit mentioned that he had received an apology about the story, but declined to say from whom. Reiterating the official view that the leak was low-level, a Thai general stated that there was "no change in the relationship [with the U.S.] because we've shared our efforts in various fields for a long time and at the military level we are very close." Gen. Saiyud Kerdphol, former Armed Forces Supreme Commander, said the issue did not have much effect on how Thai officers view Washington since they know that the U.S. government can't control the American press.

But the issue may run deeper than that.

As mentioned in an earlier newsletter, relations between the U.S. and Thailand are in a transition in which the military-to-military ties are no longer as tight as before. The story besmirched the Thai military's reputation. A Thai general claimed that had the story come from a local paper, it would have been merely an internal issue. But, he said, with an international paper capable of bringing down a government (ie Nixon), "this has produced waves and spread it all over the world." Thai officers probably hoped that Washington would issue some sort of face-saving denial of the story. Despite the Thai military's informal request for a denial, the State Department never offered one.

A week after the story had almost disappeared from view, the Thai daily Naew Na printed an article claiming that Gen. Chavalit had demanded the transfer of Counselor Slifer. The article reflected the wild speculation that perhaps the CIA had been behind the leak in order to punish Gen. Chavalit for moving Thailand closer to China. Whether true or not, Gen. Chavalit's demand would have made sense, but not for the reasons implied in the press. For after Prime Minister Prem and Secretary-General Prasong stepped down and Ambassador Brown transferred as previously scheduled, Slifer was the only one of the four persons at the meeting who still retained his original post.

Almost one month later, the Thai military continued to signal its displeasure with Washington. In late November, the U.S. Embassy offered to fly helicopters from the Philippines to aid survivors of a flood in Southern Thailand in which hundreds had perished. The Thai Foreign Ministry prepared a statement asking for international assistance. But the Thai Armed Forces Chief of Staff announced that Thailand would not "go begging for help" and pointedly declined the U.S. offer on the grounds of "national prestige." And on November 18, Thailand received its first shipment of U.S. military supplies for a long-planned joint war reserve stockpile. Normally, the event would have been heralded with due pomp and ceremony. But this time there was no show.

Assessing the impact of the Post story, a Thai general noted that "sometimes they [the Americans] forget that these things may hurt a small country." As he prepared for a trip to China with Gen. Chavalit to purchase more Chinese arms, the general added that with Washington "sometimes a secret is not a secret," implying that Beijing keeps its secrets.

The third undercurrent keeping the issue afloat is the now turbulent Thai foreign policy making process. For almost a decade, Thai foreign policy had a single source: Foreign Minister Siddhi, former Air Chief Marshall and present head of the Social Action Party, the second largest party in the ruling coalition with 54 seats. Today, foreign policy is buffeted about by three rivals: the Foreign Ministry, foreign policy advisors to the new Prime Minister, and the Army. The three parties seem to do most of their communication with each other through the newspaper headlines.

When the Army informally requested, via the front pages, that the Foreign Ministry issue a denunciation of the Washington Post story, Siddhi noted politely that no words of protest could be stronger than "go to hell." The Army again urged a condemnation. The Foreign Ministry stalled in subtle fashion, saying that it need more facts and a formal request from the Armed Forces before making a formal statement. Although the Foreign Ministry made sounds of protest, it never issued a formal condemnation.

The third party, foreign policy advisors to Prime Minister Chatichai, wisely kept a low profile and didn't use the issue

to embarrass the military as others had. Their position, and that of the new Prime Minister, is not yet fully secure.

Finally, the issue is caught up in the tumult of political succession. A Thai general said of the story: "Everyone knows that although his name was never mentioned, it was aimed at Chavalit. As Supreme Commander, he's theoretically responsible..." The story "will damage the image of Chavalit and [hinder] his political ambitions," said Gen. Saiyud. A Thai observer noted: "The fact is that over the last few years he [Chavalit] has claimed to be the person in charge of border security. If the report has any grain of truth to it, he's responsible. In the long-term, the future of 'tainted' persons will be very difficult. His road to the premiership is now even more distant."

Opinion is divided as to whether the story has damaged the military's image at home. A Thai observer maintained that "The Thai on the street feels that if China and America are foolish enough to arm and trust the Khmers, and then the military skims off some, what's wrong with it?" But Gen. Saiyud claimed that for the first time ever, Thai papers used the word "yokkhaw" (lit. to steal, from yok--to lift and khaw--a gambling chip) to describe allegations of military misconduct. Previously, papers have used the word "corruption," borrowing the English term that is less blunt and presumably encompasses a broader normative range.

For now, things are, as the Thais say, riap roi (lit. one hundred smoothnesses), all settled and in order. The story suddenly burst upon the Thai scene, and after one week, disappeared inexplicably and with scarcely a trace. Yet, the Thais have an expression sometimes used to describe their politics: nam ning lay luk, crudely translated as still waters run deep. The story may resurface should the waters become stirred.

Sincerely,



Received in Hanover 1/20/89