

“Thailand’s Transformation”  
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Paper presented at ISEAS Regional Outlook  
Shangri-La Hotel, Singapore, 8 January 2008

**Introduction: The roots of Thailand’s political crisis**

Thailand’s current political crisis has persisted in ebbs and flows for more than two years. At its root is a deep-seated and irreconcilable conflict between the older, more traditional Thailand and a new Thailand, a tussle between establishment forces revolving around the bureaucracy, military and monarchy on the one hand and Thaksin Shinawatra and his crew on the other. In the midst of Thailand’s transformation and transition into the 21<sup>st</sup> century, Thaksin represented an agent of change, a force of globalisation. Notwithstanding his myriad corruption allegations, he wanted to usher Thailand into a new era, into the 21<sup>st</sup> century, upending its anachronistic neo-feudal hierarchy. On the other side ensconces the Establishment and its ‘holy trinity’ of bureaucracy, military and monarchy, which ultimately have called the shots in Thailand for decades. The Establishment has succeeded in ousting Thaksin and keeping him away, but not much more. They have turned back the clock by 10-15 years, back to the old days of fractious struggles in coalition government, weak political parties undermined by unruly factionalism, and unwieldy administrations that never lasted a full term. But the Establishment will be hard pressed to maintain their grip on their restoration of the older Thailand, as the force of history beckons. As Thai society has evolved, and is evolving, the Establishment’s forceful return to the past with which it is comfortable appears untenable amid growing demands and expectations from previously neglected segments of Thai society, which constituted the power bases of Thaksin’s dissolved Thai Rak Thai party. This is a dialectical crisis whose resolution inevitably lies ahead, whose globalising dynamics do not favour the Establishment.

The Establishment’s efforts have been undermined by the inept and ineffective post-coup interim administration of Prime Minister Surayud Chulanont. His government’s two-pronged platform of sufficiency economy and national reconciliation has made little headway. It has been marked by murky policy directions, often contradictory and incoherent, including the capital controls imposed

in December 2006 and the controversy surrounding the Foreign Business Act amendments and compulsory licensing of certain drugs. The violence in Thailand's southernmost border provinces has raged unabated in the face of virtual military rule. Meantime, the military has institutionalised its role in politics and entrenched its ruling apparatus. The Internal Security Operations Command, an outdated Cold War outfit, has been expanded both in budget and personnel. The defence budget has likewise been raised markedly. Four-star generals have assumed chairmanships of state-owned enterprises. The military's high command and its immediate subordinates have given themselves handsome pay raises after the coup. Gen Sonthi Boonyaratkalin, the chief coup maker, has joined the Surayud cabinet as deputy prime minister in charge of security and the 23 December election. Above all, the military is intent on instituting a new Internal Security Act, a hastily enacted law that will provide the men in uniform with wide-ranging powers at the expense of basic civil liberties enshrined in the constitution. In short, while Prime Minister Surayud's caretaker cabinet has proved ineffective, its military masters have been unable to put Thaksin away for good, having eroded their own legitimacy. Indeed, the polarisation that has underpinned the crisis persists indefinitely.

### **A 'custodial' democracy**

In harking back to the past, Establishment forces have rewritten the rules of the democratic game by launching a new constitution, drafted by a military-appointed assembly. The military-supported new charter should be seen as antithetical to its bottom-up, reform-driven 1997 predecessor, which is blamed for allowing the unstoppable rise of Thaksin and the Thai Rak Thai party. It can be seen as revenge against the monopolistic Thaksin regime. As such, the 2007 constitution features a half-appointed senate – 74 appointees and 76 elected senators as opposed to the fully elected upper chamber of 200 from the 1997 constitution. The new charter gives greater authority to independent institutions (e.g. National Counter Corruption Commission, Constitution Court, and Election Commission) and to the judiciary-dominated bureaucracy at the expense of elected politicians and political parties.

The senate appointees, the courts and independent institutions will select each other's members. Such an arrangement points to a constitutional troika comprising the senate, courts and independent institutions that will oversee political outcomes and maintain overall control of the political system under the new constitution. At the

same time, the new rules of the game indicate a weakened political party system, an executive branch with much reduced authority, and rickety coalition rule that is unlikely to last a full four-year term. The return of Thai democracy will thus be in the custody of establishment forces. It will be a 'custodial democracy' rather than a liberal democratic order the 1997 charter attempted to forge but fell short in the face of Thaksin's juggernaut. The new constitution was passed by a margin of 57-to-42 in nationwide voting, excluding invalid ballots. The convincing margin camouflages a split along regional lines, with the populous northeast rejecting the charter as overwhelmingly as the south and Bangkok voted in favour of it. The regionalisation pattern of the constitutional referendum was repeated in voting patterns on 23 December.

### **The military in pre-succession politics**

As the election has transpired, the military junta known as the Council for National Security is faced with an unfinished business. While the ruling generals kept Thaksin out and away from Thailand, prosecuted under a plethora of corruption charges and persecuted politically, the Thaksin phenomenon remains resilient. Gen Sonthi retired in September 2007 and entered cabinet shortly thereafter, eyeing a post-election cabinet post by appointment. His successor, Gen Anupong Paochinda, who is close to the palace, has proved professional thus far, shying away from the political limelight and insisting on staying out of politics.

However, as previously mentioned, the army-dominated military is unlikely to return to the barracks following a long political wilderness it faced since its disgraceful retreat after May 1992. In topsy-turvy Thailand, Gen Anupong's role will be crucial. He will be looked upon to restore order in the event political volatility spirals out of control anytime after the election. Above all, the army will hang around and lurk in the shadow because Thailand will soon have to address its daunting question of royal succession, as the physically frail and widely revered King Bhumibol Adulyadej turned 80 in December 2007. As the army sees itself as the self-entitled guardian of Thailand's political future, it will stay for the long haul, though in ways less blatant and more sophisticated than in the past, such as its effort to codify an elastic authority under the draft Internal Security Act.

### **Anatomy of the 23 December election**

Following its dissolution in late May 2007, the Thai Rak Thai party was reincarnated into three main columns: 1) People Power Party; 2) Puea Pandin; 3) Ruamjai Thai Chartpattana and Matchima Thipataya. While these four parties are cut from the same TRT cloth, only the PPP and Puea Pandin should be seen as true and natural successors to the TRT. The PPP consists of hard-core TRT elements, overtly loyal to Thaksin and opposed to the military, led by veteran right-wing politician Samak Sundaravej. Samak has repeatedly declared the PPP's intention to dissolve all agencies set up by the coup-makers and to allow Thaksin to return to clear the charges against him. Puea Pandin, on the other hand, espouses the same populist, grassroots-driven platform as the TRT and PPP but with neither support nor opposition to Thaksin. Meanwhile, Ruamjai Thai Chartpattana and Matchima Thipataya are dominated by professional politicians who preceded Thaksin and the TRT. The Democrat Party and Chart Thai Party, formerly the opposition to the TRT, rounded out the major contesting cast. Unable to penetrate the north and northeast regions, the Democrats' numbers have not gone up much except in Bangkok and a few pockets of the central and lower northeast regions.

In the 23 December election, Thai voters unwittingly produced a clean winner but a murky outcome in their first polls since the military coup in September 2006 that overthrew Thaksin. The PPP, Thaksin's proxy vehicle and offspring of his once-invincible Thai Rak Thai, won a thumping victory by capturing 233 of 480 MP seats in the national assembly, leaving its nearest rival the Democrat Party in the dust with 165 MPs. The PPP's comfortable win against all odds has vindicated Thaksin and Thai Rak Thai's resilient populist platform that catered to the demands and grievances of the country's rural majority. It was also a win for performance over integrity. Thaksin is hounded by a host of corruption allegations, but his ousted administration is widely seen as strong and effective, a perception magnified by the incompetence of the military-appointed interim government. Despite its almost outright majority and large margin of victory, the PPP's quest to head the incoming coalition government will have to overcome several hurdles.

First, while it would be rightful and legitimate, the PPP's leadership of the new government would be problematic if it reverses the last 15 months of Thai politics. It would go against everything the putsch has stood for. Thaksin would be poised to return with a good chance to clear his name and reclaim his vast assets that

are frozen on corruption charges, the politically banned 111 executives of Thai Rak Thai would be given a new lease of political life, and the various post-coup anti-graft agencies would be disbanded. A PPP-led administration could also mete out reprisals on the coup makers and their powerful backers, uproot the military's corporate interests, re-arrange the top brass, and marginalize the army's resurgent role in politics. It would be surprising if the generals and their allies accept a PPP-led government without a tussle. Yet the PPP's post-election parliamentary strength is so formidable that it cannot be easily suppressed or outmanoeuvred. And the military is increasingly constrained by international norms. As democratic rule becomes the only game in town, the days of military coups are numbered. The military's own post-coup ineptitude has also failed to meet public expectations at home. Such is the military's predicament. It can seize power but is ultimately compelled to end up with a constitution and elections. The negotiations to form a coalition government in the coming days will be overshadowed by this predicament. Unless the PPP can make a deal that is acceptable to the military, its coalition leadership is not a foregone conclusion.

Second, the PPP won resoundingly on the major scorecard of overall number of MPs. However, it was trounced by the Democrat Party in Bangkok, the nerve centre where Thailand's movers and shakers reside. The Bangkok constituency and party list results are consistent with the "no votes" against Thaksin and Thai Rak Thai in the invalidated April 2006 election and with the charter approval in the referendum last August. The opposite was the case in the January 2001 and February 2005 elections, when Thai Rak Thai won 29 and 32 of the 37 MP seats being contested at the time. The overwhelming loss of Bangkok renders the PPP's mandate incomplete. A PPP-led government would be stable in numbers but missteps such as a procurement scandal or policy-related conflicts of interests and cronyism could bring demonstrators back to the streets all over again. Just a fraction of the electorate, Bangkok should not play such a disproportionate role. The tragedy of the PPP's support bases is that they comprise poor upcountry folks who constitute the majority but whose voices are faint and obscured by relative poverty and distance from the seat of power. On the flip side, the PPP's weakness in Bangkok will play into the hands of the Democrats, who can claim a basis of legitimacy in the event it ends up cobbling together a non-PPP coalition. But a Democrat-led coalition without PPP based partly on Bangkok's support would only deepen and intensify Thailand's social polarisation

and income disparity, in addition to its weakness in parliamentary forces that would allow small parties to over-leverage themselves in hogging prime portfolios.

Similarly, the PPP failed to win the party-list results convincingly. A significant number of voters apparently split their preferences between the constituency and party-list ballots. The party-list votes mostly belonged to big parties (i.e. PPP and Democrat), whereas the constituency preferences were mixed. The near-even party-list outcome based on popular votes, yielding the top four provincial voting zones to the PPP and the bottom four to its arch-rival, will embolden the Democrats to try to eke out a coalition of its own. With the odds stacked against it from the outset after the coup, the PPP needed an indisputable win on all three counts but it only won the big one. The Democrats are likely to leverage their results on the Bangkok and party-list outcomes to outfox the PPP during the coalition negotiations period, especially if a helpful nudge is forthcoming from the generals and their backers. The Election Commission's yellow and red cards and consequent by-elections in at least a dozen constituencies may boost the Democrats' efforts by reducing the PPP's constituency margin.

Third, a PPP-led coalition would be a frontal assault on the Establishment, pitting the forces and interests of the majority of the electorate against those of a significant minority that includes Bangkok. Perhaps this is Thailand's inevitable reckoning, a collision course that was bound to arrive on the scene after decades of wilful neglect of the majority by the minority. Samak's fiery rhetoric and his offensive remarks along with those of other PPP cadres against powerful figures as Privy Council Chairman Gen Prem Tinsulanond are supportive of this subtle but simmering clash. The potential confrontation that could come out in the open under a PPP-led coalition may well work against the largest winning party in the coming days. The Democrats will parlay this prospect in their favour by putting up an alternative coalition option to put off the implicit social conflict. All things being equal, the smaller parties, which will collectively play the role of kingmaker, will also find this dramatic clash less appealing than the alternative, especially since the outcome of being in government is more or less the same to them. Ironically, the smaller parties have flopped in this election but have collectively become the indispensable kingmaker after the polls. Led by Chart Thai (37 MPs) and Puea Pandin (24 MPs), the smaller parties were supposed to command several dozen MPs, but most ended up in

single digits. They are being actively courted by the PPP, but whether they play ball may ultimately depend on how insistent the nudge from the powers-that-be will be.

The PPP's advantage is that it only needs 2-3 smaller parties for a coalition, whereas the Democrats would have to weave a government virtually from all non-PPP parties. A Democrat-led coalition without the PPP based on Bangkok's backing would be unstable in numbers and unwieldy in its composition. A PPP-led administration, on the other hand, would be more stable but decidedly confrontational in what may lead to a head-on collision between Thaksin and his supporters and the forces of the Establishment that gave him the boot. The poll results have exposed Thailand's raw divide that has long been camouflaged by a semblance of unity and stability propped up by the established forces. After decades of neglect, the forces and interests of the upcountry majority of the electorate have been awakened in a clash with a significant Bangkok-led minority that may well bring about an inevitable social transformation. Thaksin is the agent of this transformation. Thailand needed him to come along, but its challenge is not to end up with him in view of his long trail of alleged graft and abuses of power.

### **Policy prospects**

Whichever party ends up in the lead, the post-election coalition government is unlikely to last a full term due to factional infighting. As the new charter gives more teeth to the opposition, the government will be under fire from the outset. The Democrats and the PPP both would be seasoned and wily on the opposition benches. Yet the new government will be more effective than the interim administration. Policy progress will be mixed. A number of policies on hold or in limbo will see some movements, particularly the mega-infrastructure projects such as the underground rail lines in Bangkok. Limited and cautious privatisation will be considered anew, but free-trade agreements may be too politicised to push through. Nevertheless, the post-election political clarity will generate policy momentum at least for the initial three to six months before coalition infighting sets in. Policy directions will be clearer but not comprehensive. Progress and movements should be assessed on a project-by-project basis, ministry-by-ministry, and minister-by-minister.

Barring unforeseen adverse external shocks, GDP prospects are likely to brighten under an elected coalition government, as public investment will be given a boost and consumer confidence will be significantly revived in view of favourable

and resilient macroeconomic fundamentals. Political and policy outcomes in pre- and post-election Thailand will be increasingly determined by the succession question. When it transpires, it will be the end of Thailand as we know it, but of course not the end of Thailand itself. A new Thailand will emerge over the course of which risks and rewards and strategies and decisions should be assessed and regularly recalibrated to take into account ongoing, fluid political dynamics and corresponding macroeconomic results and investment outcomes.

### **Concluding remarks: A grand reconciliation**

Notwithstanding the PPP's towering results, the overlooked winner of the 23 December polls is the populism that underpinned Thai Rak Thai. All of the major political parties adopted various shades of this proven and successful populism with a focus on concrete subsidies, handouts and giveaways geared for grassroots constituents who constitute the vast majority of the Thai electorate. Thai Rak Thai is dead but its populist spirit is evidently alive. This populist spirit has won the day, and will indelibly change the Thai body politic, delivering it into the 21<sup>st</sup> century. To be sure, populism in Thailand has become an object of abuse and a pejorative. It has been manipulated Thaksin while he lorded over Thai Rak Thai and used its wildly captivating populist platform to win elections time and again, the last valid poll in February 2005 by a landslide. In turn, Thaksin exploited his Thai Rak Thai vehicle and its instruments of populist rule to enrich himself and his cronies. The unscrupulous by-products of this abuse and manipulation are the litany of corruption charges and arrest warrants that have beset him and his family.

Thaksin's tainted record in office also allowed his opponents to portray populism in a pejorative light. They deplored its handouts and giveaways, and belittled the lack of education and information and alleged ignorance among upcountry constituents. They patronised them for being unfit for genuine democratic rule, for being susceptible to government handouts, for their gullibility in worshipping Thaksin like a cult, and for their desperation to embrace such sins as legalised lottery. Adherents of Thaksin's populism were roundly dismissed by his opponents on these grounds. Yet populism in Thailand is resilient. It thrives because times and conditions have changed. International benchmarks have been raised. Globalisation has fostered rising expectations. The avoidance or rejection of democratic rule incurs too high a cost. Hence Thailand's coup-makers, their appointed caretaker government and the

post-coup powers-that-be that have backed them have been unable to contain the forces that were unleashed during the Thaksin years. Economic growth is stagnant, the government has proved incompetent, and the military has found out the hard way that seizing power was the easiest part. It has been all downhill for the ruling generals since. Nor has the interim government's sufficiency economy platform made much headway in dampening public expectations of the opportunities, hopes and dreams they tasted during the Thaksin years. Such is the reality because Thai Rak Thai's descendants have won the 23 December election.

Notwithstanding its exploitation by Thaksin and its condescension by his Bangkok-based opponents, the flip side of populism is that it has given the long-neglected grassroots electorate an undying voice, buoyed by the externally-driven imperative of democratic rule, which requires a constitution, political parties and elections. As long as elections are held, the downtrodden majority of the Thai electorate, who are well accustomed to government corruption, will opt for contesting parties that cater to their needs and grievances the most. Thai Rak Thai enjoyed the first-mover advantage in recognizing this gap and filled it with its spectacular populist platform. All political parties have been aping its success. That the PPP has won resoundingly is attributable to public perceptions that it is the most rightful and direct successor to Thai Rak Thai. The PPP is campaigning on a track record of sharing the pie even as corruption, cronyism and collusion were rife, whereas its rivals have merely made populist noises. Populism has brought with it a challenge for the Thai people. It has created conditions that set the stage for a fierce struggle between Thaksin and his opponents, with exploitation and corruption on the one hand and Bangkok-driven ridicule and denial of the rural masses on the other. But populism also can point the way towards Thailand's grand reconciliation.

Without Thaksin, there would have been no Thai Rak Thai. The challenge for Thailand has become how to cultivate something like Thai Rak Thai and its populism that catered to the majority without Thaksin. A greater challenge is how to entice the powerful Bangkok-anchored minority to go along. Because the rural beneficiaries of populism represent the majority in Thai democracy, the onus is on the urban minority to take the first step. To bridge the disparity and heal rifts from a political crisis and confrontation of the last two years and counting, the opponents of Thaksin must learn to accept and accommodate the populism under his Thai Rak Thai. Without accommodation, there will be no reconciliation.