

# Thailand: Fighting over Democracy

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The turmoil in Thailand has drawn into its fold the rural masses, a minority urban middle class and the military, not to mention the monarchy. At the centre is the billionaire businessman and former prime minister Thaksin Shinawatra, but the conflict which has divided families, towns and villages has gone beyond Thaksin. It has brought to the surface fundamental questions about the prospects for democracy in societies, which are struggling to manage the impact of globalisation.

Thailand is currently choosing its fourth prime minister within this year. For the past six months, the government has been a homeless waif, driven out of its offices by a protest coalition that also disrupted sessions of parliament. Last month the protesters commandeered Bangkok's two international airports for a week, delivering a killer blow to the national economy. Talk of another coup has become constant. A decade ago Thailand was hailed as a beacon of democracy in south-east Asia. Now that democracy is being torn apart by a fierce and emotionally charged conflict.

At the centre of that conflict is Thaksin Shinawatra, the billionaire businessman who served as prime minister from 2001 to 2006, winning three elections by convincing majorities, but exciting fierce opposition that deposed him by a coup. He is now a fugitive from justice, living in exile in Dubai. But the conflict has spun far beyond love or hate for Thaksin, bringing to the surface fundamental questions about the prospects for democracy in societies which are struggling to manage the impact of globalisation.

## Thaksin

Thaksin rose to power on the backwash of the 1997 financial crisis. The severity of the economic shock transformed Thailand's politics. An old ruling elite of technocrats and political bosses was discredited for allowing the country to sleepwalk towards disaster. Farmers learnt that they were more vulnerable to global forces than the fickleness of the monsoon. Businessmen agitated for stronger and more pro-business government. A broad coalition that ran from old leftists through liberal reformers to the heads of the surviving business conglomerates invested Thaksin with their hopes, sweeping him to power at elections in 2001.

At first Thaksin played mainly to the business lobby in this broad spectrum. He promised to run the country like a business

and for business. After the economy recovered over 2001-03, he projected himself as a Thai equivalent of Lee Kuan Yew or Mahathir Muhammed – a leader who would stay for two decades and lift the economy to levels found among the members of the Organisation for Economic Co-operation and Development (OECD) community.

But many of those who invested their hopes in Thaksin had ignored why he was in politics in the first place. In the early 1990s, he rose within four years from deep debt to a net worth of \$2 billion on the hugely abnormal profits of a government-bestowed near-monopoly in mobile phones. He initially became involved in politics to tend and extend that monopoly. Over 2001-05, his government changed laws and rules to favour his family business empire, boosting its market value by three times in four years. Businessmen outside a crony inner circle peeled away. When the family company was sold to Singapore government's Temasek Holdings in early 2006 for \$1.7 billion without incurring any tax liability, criticism of his greed and corruption spread widely within a middle class of officials, professionals, and small businesspeople.

## Populism

Thaksin's business ethics provide half the explanation why he became such a divisive figure. But it is the other political half which makes the current crisis so complex.

Over the early 2000s, Thaksin was transformed from a pro-business modernist into a rural-leaning populist. He was an unlikely character for this role. He is a fourth-generation Chinese from a wealthy family. Prior to 2001, he showed no interest in rural issues or the plight of the poor. But he was borne along by a powerful political force.

Rural Thailand had played a largely passive role in the democratic politics that emerged from the 1980s onwards. As a result, rural areas got a relatively small share of political goods. But rural society was in the process of transformation under the impact of the country's long-run growth. Farmers became more closely involved in the market. Incomes rose sharply over the boom decade of 1985-95. People had more interests to protect, and more demands on the government for infrastructure and services. Political awareness rose through

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the spread of television and the work of non-governmental organisations (NGOs). Demonstrations over crop pricing, land issues, and water management became common. The 1997 financial crisis, when much of the pain was transferred onto those least equipped to defend themselves, completed this politicisation.

When forming his political party, Thaksin recruited some former activists from the 1970s student movement to help with policymaking and party organisation. For the 2001 election campaign, they put together a rural platform of debt relief, cheap universal healthcare, and village development funds. When Thaksin faced his first legal problems over his business management, he implemented this programme rapidly to bolster support. His popularity ratings soared. Over the next four years he transformed his image and political meaning. He shed his business suit and penchant for spouting English in favour of a casual tousled look and ventured into local dialect. He extended his policy offering with microcredit, scholarships, and support for rural industries. He toured rural

areas, presenting himself as a new kind of leader who would “work for the people”. He showily distanced himself from the “old politics” by slapping down intellectuals, ridiculing opposition politicians, and belittling bureaucrats. At the 2005 polls, he asked people to give him such a large majority that he could ignore the processes of a parliamentary democracy which had delivered so little to people in the past.

This tilt to populism was new and dramatic in the Thai context, and for some it was very, very threatening.

### **Middle Class, Monarchy, and Military**

A single-sheet Powerpoint graphic circulated in 2005 purported to show the financial flows of the “Thaksin regime”. At the centre is a small middle class being squeezed for taxes. The proceeds are flowing upwards as corrupt subsidies for the profits of Thaksin and his business cronies, and flowing downwards to pay for his populist schemes for the rural mass. This graphic summarised fears spreading in parts of the urban middle class. Thaksin’s

election-based strength and his disdain for the old elite threatened to annul the influence that the middle class exerted through the press, lobbying, and links with the bureaucracy. After the tax-free sale of Thaksin’s family company, protesters took to the streets in the capital, slating Thaksin for greed, cronyism, and lack of ethics.

This largely urban middle class protest grew in strength by alignment with two of Thailand most powerful institutions: the military and the monarchy.

Over the second half of the 20th century, king Bhumibol rebuilt a monarchy that had seemed in decline, partly through an image as a “developer king”, friend to the farmers who were ignored and left behind in the shift to urban capitalism and globalisation. Thaksin’s populism intruded on this royal image. He appealed to the same rural audience. Royalists feared he was too popular. He advocated a full capitalist transformation of the rural economy while the king advised farmers to limit their immersion in the market. Royalists censured Thaksin for infringing on the king’s prerogative, and then concocted a story of Thaksin and his ex-leftist

advisers gathering in Finland to plot the overthrow of the monarchy. The anti-Thaksin protesters adopted yellow, the king's birth colour, as a uniform, and shouted slogans that they were saving the nation and monarchy. This emotional pitch expanded the protest catchment to conservatives in the court circle, bureaucracy, and lower middle class.

The army had run Thailand for 50 years before being fitfully pushed back to the barracks since the 1970s. Yet it retained its old self-esteem, a strong grip on broadcast media, and a close association with the palace, while resenting the decline in its budget and public role. Thaksin tried to exert influence within the armed forces by accelerating the careers of personal contacts, including elevating his own cousin as army chief in 2003. These manoeuvres angered the old guard in the army. By late 2006, removing Thaksin was an opportunity for this old guard to reassert their influence and reclaim a larger role for the army in politics.

### Coup and Conflict

In early 2006, the anti-Thaksin protest coalition was formalised as the People's

Alliance for Democracy (PAD) with five leaders including Sondhi Limthongkul, a bankrupt media entrepreneur formerly allied with Thaksin, and Chamlong Srimuang, a former soldier and leader of the 1992 protests against the previous coup. PAD appealed to the king to remove Thaksin but the king refused to respond. He did however block Thaksin's choice for the new army chief, making way for Sonthi Boonyaratklin who ejected Thaksin by coup on 19 September 2006.

After the coup, the army set out to destroy Thaksin's political base. Soldiers were sent into the villages to persuade and intimidate. Politicians were induced to abandon Thaksin and join new parties. Thaksin's party was dissolved for electoral fraud and 111 of its executives banned from politics for five years.

From exile Thaksin kept himself in the public eye through internet, video addresses, and the splashy purchase of Manchester City football club. Most of his politician followers and electoral supporters remained loyal and defiant. When parliament was restored by election in December 2007, the

pro-Thaksin People Power Party (PPP) won just under half the seats, denying any chance for the military's puppet parties to construct a ruling coalition. Three weeks after a PPP-headed government was installed, Thaksin returned from exile.

But while the coup group failed to control the parliament and executive, it mobilised the judiciary. In the past, Thailand's judiciary had played a very limited role in politics, but in April 2006, the king called on the judges to help overcome the political crisis. The coup junta oversaw a new constitution which diminished the power of the prime minister and parliament while boosting the authority of the judges. A special committee was formed to investigate allegations of corruption against Thaksin. When the PPP-led government launched moves to amend the constitution and block this judicial assault, PAD returned to the streets in early 2008 to intimidate the government and encourage the judges.

Over 2008, a fierce struggle developed between the PPP government and pro-Thaksin supporters on one side, and the PAD and judges on the other.



## Call for Research Pre-Proposals – Economics of Climate Change

Deadline January 9th 2009

The South Asian Network for Development and Environmental Economics (SANDEE), is a network that uses economic tools and analyses to address some of South Asia's environmental challenges. SANDEE brings together and strengthens South Asian researchers and institutions interested in the inter-connections between development and the environment.

SANDEE invites pre-proposals on the Economics of Climate Change. Pre-proposals, if accepted, will lead to an invitation to submit a full research proposal.

Human activity is altering the earth's climate with serious implications for food security, health, biodiversity and natural disasters. South Asian countries will need to respond with strategies to both mitigate green house gases and adapt to climate change. SANDEE would like to increase its support for research on the economics of climate change.

We are soliciting concept notes on the following topics: a) Understanding the benefits, costs and distributional impacts of specific adaptation or mitigation strategies. b) Examining economy wide impacts of climate change policies through the use of macro-economic models. c) Analyzing incentives related to international climate mitigation/adaptation instruments and climate negotiations. d) Economic analyses of local and regional climate problems such as haze and black carbon and strategies to mitigate these. e) Increases in extreme events and the economic viability of 'adaptation instruments' such as insurance, increased natural barriers or institutional responses.

SANDEE supports economics research related to environmental problems. Thus, pre-proposals that do not have a *strong economics component* will not be considered. Institutional affiliation is required for receiving support. Pre-proposals will be evaluated on their academic merit and policy significance.

SANDEE will collect proposals throughout the next 12 months. However, in order to be considered for our next research competition, please send concept notes by **January 9th, 2009**. Grant requests can range from 15 to 30,000 USD for one to two year grants, but larger proposals need to include teams of natural and social scientists. Concept notes can be uploaded on the SANDEE website at [www.sandeeonline.org](http://www.sandeeonline.org). Please contact at [application@sandeeonline.org](mailto:application@sandeeonline.org), if you have additional queries.

The judges removed two prime ministers and several other ministers. Thaksin was convicted for abuse of power and his wife for tax evasion, and the couple again fled into exile. The pro-Thaksin PPP was dissolved yet again for election fraud, along with two allied coalition parties. Around \$2 billion of Thaksin's family assets, initially frozen in 2007, were threatened with seizure. Further cases over corruption and conflict of interest were in the pipeline.

The PAD returned to street demonstrations but in a much more aggressive tone. Powerful figures gave shows of support. Retired and serving generals, leaders of the Democrat Party, and prominent intellectuals appeared on the PAD stage. Businessmen voiced support. After two PAD supporters were killed in a clash with the police, the queen attended one of the cremations and praised the dead woman as a "defender of the monarchy". Professionally staged and broadcast over Sondhi's ASTV cable network, the protest message reached a wider urban audience. Donations flowed in at a rate of one million baht a day (c \$30,000). With this backing, the demonstrations became highly sophisticated and much more militant. Barbed wire and steel barriers were brought in for defence. "Guards" were hired from the ranks of ex-policemen, ex-soldiers, and the enforcement gangs of influential figures. These "guards" were armed with sticks, lengths of steel pipe, slingshots, crude bombs, Molotov cocktails, home-made pistols, shotguns, used golf clubs donated by supporters, and Uzi machine guns looted from a police cache in occupied Government House.

Seemingly immune because of their powerful backing, PAD blocked sections of the road network in central Bangkok, seized Government House with only token resistance from the police, then besieged parliament to disrupt sessions, and finally ran totally amok, closing down both the international airports in Bangkok.

PAD's demands escalated in parallel – from opposition to measures that would help rehabilitate Thaksin, to removal of the prime minister, and then downfall of the whole pro-Thaksin government. More importantly, in July 2008, PAD shifted its stance in a way that transformed the significance of the conflict: they demanded

"new politics", meaning departure from the principle of one-person/one-vote.

The PAD argued that the rural mass was poor, uneducated, politically naïve, and thus easily bought by Thaksin and his political followers. They proposed a lower house with 70% appointed, then backed out to electoral constituencies based on occupations. Their analysis ignored the increased prosperity and sophistication of rural society over the past 20 years, and the way that Thaksin's popularity had diminished the need for vote-buying. But the analysis perfectly captured the urban middle class fear of their vulnerability as a minority, and gained widespread urban support, including among former democratic activists.

In response, Thaksin in exile began to present himself as a hero of democracy, persecuted by the rump of Thailand's *ancien regime* manipulating the courts and demonstrations from the shadowy background. His supporters dressed themselves in red shirts and held counter rallies. The division that was implied from 2006 when PAD swathed itself in monarchic yellow and allied with the generals now became explicit. One side was shouting "monarchy in danger" and the other "democracy in danger".

The catastrophic consequences of the airport occupation, as well as the ever more obvious implications of the ideological divide, prompted the backers of PAD to call a time-out. Another court decision felled the pro-Thaksin government and provided an opportunity for PAD to declare victory and quit the airports and Government House. But this is a temporary respite not an ending.

### Conflict and Beyond

The emotional division now runs through families and through villages, but it also reflects some broad social realities.

Thailand is a very unequal society and that inequality has tended to worsen over the past half-century. Thailand has also become a richer and more complex society with more conflicting demands. A segment of the economy and society has become firmly entwined with globalisation. That segment includes between a quarter and third of the population, and is concentrated in the urban areas, especially the capital. In some ways, this segment has turned its back on the remainder of society still

involved in a low-return economy of agriculture and the informal sector. The urban middle class feels superior and threatened. Because the monarchy remains a powerful force, and because the military is highly politicised from a half-century of military rule, the middle class can call on the legitimacy of one and the sheer power of the other to counter its numerical weakness.

Conversely, the provincial areas, especially in the north and north-east, have a sense of exclusion and disadvantage, the legacy of a highly centralised state system and persistent neglect. They have just begun to learn how to use the vote to overcome this. They like Thaksin not only because of his credit and welfare schemes but because he gives them a sense of empowerment.

At one level Thailand's conflict seems a relatively straightforward matter of class and privilege. On one side is a minority urban middle class that is frightened by the "tyranny of the majority" and that clings onto the established power of monarchy and army. On the other is a provincial and largely rural mass that has recently learnt how to use electoral democracy to overcome state neglect. But at another level, the conflict is more complex. Politicians representing the provincial mass have reaped the gains that accrue to political influence in the absence of a strong judiciary and other checks and balances. Thaksin is an unlikely and unfortunate figure to become the heroic defender of democracy since he does not believe in it, he has manipulated it to make billions, and he overrode liberal democratic principles during his time in power. PAD argues that ethics are more important than the principle of one-person/one-vote, and many liberal democratic activists support PAD on those grounds.

The political crisis in Thailand has lulled but is far from over. Ultimately this conflict is about resolving the increased social and political complexities that arise with prosperity and globalisation. In the pessimistic view, PAD's crude ideas and crude use of violence are an ominous sign for the future of democracy. In the optimistic view, the current conflict is exploding the old myth of a society unified under the monarchy, ushering in the possibility of a stronger democracy based on open debate and open competition.