

Thailand: Wide Angle

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He was elected prime minister with the biggest majority in the country's democratic history. Despite campaigning on a nationalist platform and threatening to reverse neoliberal reforms, in power he leaned heavily towards the US and favored an open, liberal economy.

The prime minister is a rich billionaire who, when coming to power, still faced judicial problems over past business dealings.

He rose to power in the aftermath of an economic crisis which undermined the old political parties and created the opportunity for a new man. In power, he launched a host of populist schemes including cheap health care, cheap housing, new forms of local credit, free computers, and a "war on poverty". He was re-elected for a second term by a landslide.

Political scientists analyzed that he relies on "a strongly top-down approach and ... strengthening the apex of the state in order to effect profound economic reform and to boost the position of the personal leader."

All of what I have just said could easily be about Thaksin. In fact, *none* of it is; all of it is about other leaders: the first about Turkey's premier, Recep Tayyip Erdogan; the second about Yuliya Tymoshenko in the Ukraine; the third about Alberto Fujimori in Peru; and the fourth a general description of recent regimes in Latin America.

Most analysis of Thaksin – including our own – has related his rise to the aftermath of the 1997 economic crisis. But the landslide victory of Thaksin's Thai Rak Thai Party in the 2005 election – polling 61 percent of the vote and winning 377 of 500 seats – has signaled his immense popularity at a time when that crisis is fading into the past. Besides, linking Thaksin to the *abnormality* of a crisis obscures how much about him is similar – *normal* – in many other countries across the world. In this talk, I want to put Thaksin into a larger context of some long-run trends in Thailand's political economy which are echoed in many other countries in the age of globalization.

There are two aspects of this context, external and internal. The first, external aspect is framed by the existence of the USA as *the* global power, and its promotion of a neoliberal approach to economic management. I will not talk much about this aspect, as I hope I can take it as given. I will concentrate on the second aspect: trends in the domestic political economy, and how these are framing the politics.

A global context

These trends are not unique to Thailand. Other countries have similar experience

for the simple reason they are subject to similar forces in the context of globalization. I will look at Latin America, because it has a populist tradition and a good academic literature, but similar trends are emerging in eastern Europe, parts of the middle east, and elsewhere.

Latin American countries have had populist governments for a long time. But, analysts trace a major transition which took place over the 1980s and early 1990s. Earlier populist governments (sometimes referred to as classic populism) mobilized support through social movements, organized labor, and political machines which formalized the flows of patronage between state and mass. These governments pursued import substitution industrialization under the cover of trade protection. Peron's Argentina is the most famous example.

Then there was a change. The 1980s and the 1990s saw the emergence of "neopopulist" governments, among which Fujimori's Peru is the most famous. Fujimori was a total outsider to the old political machines. He rose in the reaction to a particularly severe economic crisis. His government abandoned protection and ISI in favor of neoliberal prescriptions. The new economic policies were economically painful in the short term but ultimately brought greater stability in the medium term. Once this stability was achieved, Fujimori launched a flood of populist schemes of redistribution.¹

There were four key aspects of Fujimori's populism.

First, his social programmes were mostly universal in scope. They differed from previous schemes which had tended to favor organized labor and other organized groups.

Second, he presented himself as totally different from, and an enemy of, the old political elite. But he allied with the military.

Third, he attempted to control the parliament, the judiciary, and especially the media by a massive scheme of bribery. This amounted to an attempt to control the machinery of the state to prevent opposition and dissent.

Fourth, he claimed to be beyond ideology, merely a practical leader working on behalf of "the people." He adopted a highly personalized style, and was openly contemptuous of the democratic process.

Latin Americanists coined the term "anti-politics" for such regimes which rejected ideology, and sabotaged the liberal model of political competition, checks and balances, freedom of information, and so on.

Fujimori was far from alone. Menem in Argentina and de Mello in Brazil followed similar patterns in the early 1990s; and Lula in Brazil and Chavez in Venezuela are only the most well-known examples in more recent years. Kurt Weyland summarized these "neoliberal neopopulists" like this (Weyland, 1996:10) "They ... appeal to unorganized, largely poor people in the informal sector, have an adversarial relation to many organized groups in civil society, and attack the established 'political class' as their main enemy." They rely on "a strongly top-down approach and ... strengthening the apex of the state in order to effect profound economic reform and to boost the position of the

¹ including creating a special bank for the self employed and informal sector workers (vendors etc.), cheap housing, bonuses for public sector workers, a "war on poverty", giving computers to schools, and so on.

personal leader.”²

This trend is not confined to Latin America. In Turkey, in 2004, a new prime minister whose party’s base of support comprises the small-scale producers and informal sector, shifted towards the west and neoliberal economics, launched a slew of populist schemes, and stood aggressively against the country’s political tradition going back to Ataturk in the 1920s (Carroll, 2004). The recent dramatic elections in the Ukraine seem to have introduced a government with a similar mix of pro-western policies and handout populism.³

My point is this: if the emergence of this neopopulist politics seems to be a worldwide trend, then we need to look for world-spanning explanations. The trend seems to be occurring in a subset of what we used to call “developing countries.” As the Latin American literature has shown, this neopopulism seems to appeal to the “disorganized mass” – peasants and those in the urban informal sector. With this background, I now want to look at Thailand’s political economy.

A new political economy

The old term “developing countries” carried the assumption that these countries were “developing” into something like the advanced countries of the west – with industrialization, the rise of a domestic capitalism, a new urban working class, a larger middle class, disappearance of the peasantry, and a trend towards democratization spearheaded by the white-collar middle class. The experiences of Japan, Korea, and Taiwan in the era 1950–80 seemed to confirm this model. Many other countries, especially in Latin America and non-communist Asia, seemed to be on the same track, Thailand included.

But the economic foundation of this model has disappeared over the past generation. In the Cold War period, the West wanted to nurture capitalism in developing economies. But with the disappearance of communism as a rival world system, the West (especially the now dominant US) lost this interest and began to see the outside world solely as a field of expansion for western capitalism. Japan became a sleeping partner in this scheme. The faith in ‘development’ faded and we are now in what I will call a “post-development era.”

Let me summarize what happened to Thailand’s political economy in this era.

Thailand became closely integrated into global production chains, and thus enjoyed very high rates of growth. Domestic capitalists, nurtured during the development era, initially did well by copying the industrialization patterns of advanced countries using imports of capital bundled with technology. But ultimately these entrepreneurs were unable to retain control in competition with the multinational corporations (MNC’s). The firesale of Thai companies in the 1997 economic crisis completed this process.

² Of courses there are nuances of differences in details in each of these cases and one may want to argue that Chavez may be distingusidhed by his socialist iclination, and Lula by his long-term association with the wotkers’ movement. But the general outline of the neo-populist regime is similar.

³ And for good measure, has a prime minister suspected of becoming a billionaire through corrupt business deals.

Almost all major manufacturing, particularly that oriented to export, passed into the hands of multinationals. So did about half of the financial system, and much of modern retail. Domestic capital (of any significant size) in manufacturing is now confined to subcontracting to the multinationals, or a few sectors like food where firms are integrated with the supply of local inputs. The major capital groups which survived the crisis are now concentrated in service industries oriented to the home market – property, construction, telecommunications, entertainment, media.⁴

The evolution of society and social classes has also differed greatly from what might have been expected under the “development” model. In sum: the organized working class is small; the surviving peasantry is large; the middle class is externally focused; and the informal sector is huge.

Why is the working class so small in Thailand? Industrialization based on foreign direct investment uses technology developed in advanced countries and thus is more capital intensive than local conditions would require. The industrial labor force is small, and hence weak in organization, especially with trends towards casualisation and transnational labor migration.

A white-collar middle class grew very rapidly over the last two decades to supply skills needed by the multinational-dominated externally oriented economy. They tended to be over-rewarded as their skills were in short supply and critical to the employers. Their social and political attitudes reflect their privileged position. They imagine themselves as part of a global economy more than a national one, and express this in tastes and consumption patterns. They emphasize the gap which divides them from other classes of Thai society. Their political activity tends to favor stability and further liberalization, as this is important to their prosperity. They can be stirred to action only when either a political or economic crisis threatens their future well-being.

The peasantry is gradually disappearing, but very slowly and imperfectly. Now, some 40 percent of households return their primary occupation as agriculture. Most of these still have family smallholdings. But, they are no longer *peasants* in any way, but are engaged in market agriculture and often dependent on export markets. They are poor because of under-investment, declining world price trends for agriculture, and environmental deterioration. Agrarian households survive by sending family labor to the urban or the global economy in return for remittance income. This “post-peasantry” suffers from the usual political weaknesses of the agrarian mass, i.e. not being able to organize. It is also weighted down by a history of repression. And it has difficulty cohering around any class interest because its economic fortunes now depend on both the urban and agrarian economies.

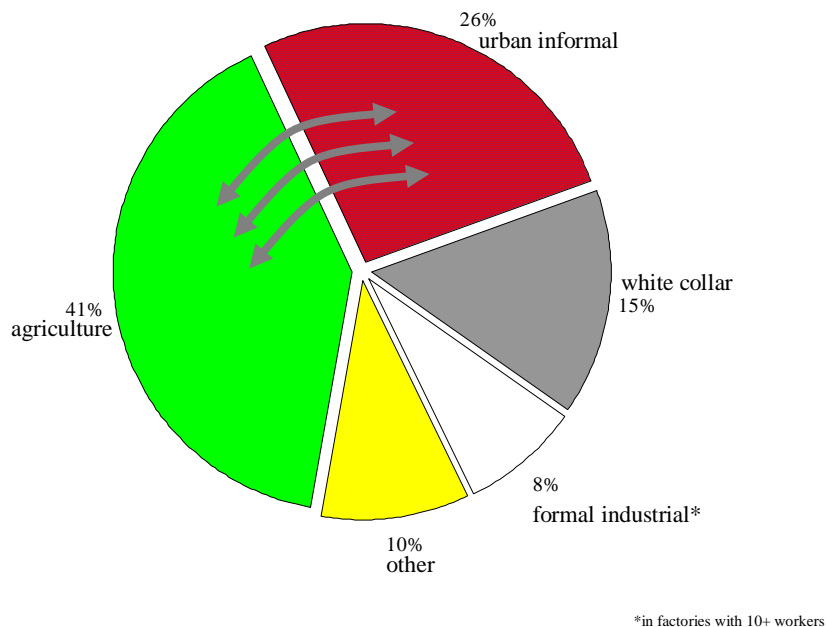
Last but not least, the big social segment, which has ballooned over the past generation, is the informal sector of the urban areas. This includes the whole ‘shophouse’

⁴ The biggest domestic groups on the Thai stock exchange are the Shinawatra telecom group and the Maleenont entertainment group. Even surviving manufacturers are moving in the same direction – CP into telecoms, sugar barons into hotels, and everybody into property and tourism.

subsector of mom-and-pop stores, and other family and micro-scale enterprises; vendors; the self-employed; many illegal or semi-legal enterprises; and a large workforce which floats between many different kinds of employment including construction, seasonal agricultural work, sweatshops, illegal gambling, prostitution, other personal services and so on.

Defining this segment is difficult and hence counting it too. But based on the 2004 Labour Force Survey, the following is a rough picture of Thailand's current social structure: around 40 percent in agriculture, just over a quarter in the urban informal sector (with large links and flows between these two groups), about 15 percent in the white-collar middle class, and 8 percent as 'formal' industrial labour (meaning fairly permanently employed).

The main point is: the 'disorganized mass' of post-peasants and urban informal sector amount to two-thirds.



The politics of numbers

What is the implication of the above social structure on politics?

In representative politics, numbers matter. As representative institutions have become more established over the past generation, the *potential* political influence of this large 'disorganized mass' has steadily grown. But this potential has been realized in a particular form. They do not share political interests which might take shape as a party or even a lobby. They have been suppressed by hegemonic discourse and by constitutional arrangements. Officials and elites have argued that ordinary people were somehow not ready for democracy. The so-called "People's Constitution" of 1997 stipulates that candidates for members of parliaments must have a tertiary degree, thus excluding around 95 percent of all in the rural and informal sectors from membership of parliament. Democracy has not been so welcoming.

The political figures who exploited the resulting situation were the local political bosses which emerged from the 1970s onwards, and became the dominant element of the political system in the 1990s. The rural and informal population were not active participants in democratic politics, but were available as passive recipients of political goods. A pyramid of informal organizations developed upwards: in the locality, the *phak phuak* or clique, which could turn out voters; above that, the electoral alliance; then the faction of MPs; finally, the governing coalition. Up this pyramid flowed the aggregated support needed for success in representative politics. Downwards in reciprocation flowed various political goods such as budget allocations, informal political patronage, protection, and cash in the form of vote-buying. The pyramid remained very non-institutionalized – essentially as *informal* as its social base. Over two decades, the people at the base became used to their role as clients for patronage from a big boss figure linked to the pyramid.

Thaksin in the populist model

The rise of Thaksin represents a change in this model. He has captured the support of the ‘disorganized mass’ in a new way. But the change has been two-way. Thaksin did not initially conform to the model of neoliberal neopopulism model that I outlined above, but has gradually come to do so.

At the start, in the aftermath of the crisis, Thaksin appeared to represent the nationalistic reaction stirred by the IMF reforms. It looked as if his government would reverse the IMF’s imposed reform agenda. And he promised to modernise Thai politics, as captured by his slogan ‘Think new, act new’.

Both these positions rapidly changed. First, he fell in with neoliberalism. He made not a single important change in the IMF-imposed reforms. He shed any economic-nationalist rhetoric. He reiterated his commitment to a liberal economy, and courted foreign investment. By 2003, the financial markets were praising Thaksin’s economic management. By late 2003, even some in the IMF thought he might have some new “model” which might be replicated elsewhere.

Thaksin’s accommodation of the neo-liberal agenda is based on practical considerations. The Thai economy is now so dependent on MNCs for exports. Thaksin and TRT have talked about energizing a domestic economy to serve as a counterweight to this external dependence, but in truth, such a change would need a very long time to achieve, and would need more concerted policies than the TRT has applied so far.

Thaksin’s strategy is founded on a division of capital’s spheres of influence. He promotes further MNC investment in export manufacturing because that is the motor of the economy’s growth. At the same time he can protect and promote the capital groups grouped around TRT in service sectors oriented to the domestic market, and also promote small entrepreneur through new banking facilities, OTOP schemes, and other forms of promotion.

Second, Thaksin’s transition to populism. When Thaksin launched TRT, there was no sign of populism. He spoke of the need to revive the economy and clean up dirty politics. He promised to make Thailand more modern. His early social programs were presented as a “cushion” against possible social disorder resulting from the country’s wide gap between rich and poor. The word “people” did not appear in his rhetoric.

He slid deeper and deeper into his populist stance over a period of about five years. The crucial change came during the asset declaration case, when he began to court popularity in a new way. He launched his weekly radio chats, appeared constantly on television, and developed a new rhetoric in which he was the hope of Thailand's "people" who might not be able to fulfill his mission because of opposition from Thailand's old order. This strategy worked. His personal popularity rating rose from around 30 percent at the time of the election in 2001 to 70 percent by the time the asset case judgment was handed down six months later.

From this point, Thaksin's populism developed in four directions.

First, the TRT government accelerated implementation of its populist electoral program, and added a lot more new schemes. What is striking about these schemes is their universal character – available to all – and hence their special attraction to people who previously got little from government, namely the "disorganized mass" or the peasantry and the informal sector.

The most popular have been the health scheme, which was the first welfare scheme available to all, not just to those in formal employment, and the village fund which also reached a much wider catchment than usual government programs. In the run-up to the 2005 election, TRT churned out a slew of new schemes which promised to help people from infancy through schooling and career to old age.

Second and in parallel, "the people" acquired much more prominence in the rhetoric of Thaksin and the party. The modernist "Think new act new" slogan of 2001 was replaced in late 2003 by the intensely populist "The heart of TRT is the people".

Third, he took an aggressive attitude towards critics in general, but especially to intellectuals and people associated with Thailand's history of democratic development (Thirayuth) or the "reform" pressure of the 1990s (Prawase, Anand).

Fourth, he devalued the importance of parliament (persistently inqorate), neutralized the check-and-balance bodies of the 1997 constitution, and micro-managed the electronic media.⁵ He said in public that law, the rule-of-law, democracy, and human rights were not important because they often got in the way of "working for the people".

It's important to understand that this aggression against opponents and against institutions is not only a way to avoid scrutiny. It is also a way of appealing for support. Thaksin became more aggressive when he found it made him more popular. In his recent election campaign speeches, he boasted about the way he overrode old institutions, and disdained academic critics.

A new level of boss

For people with insecure lives who were used to depending on patronage and protection, mostly from a local boss, Thaksin inserted the government, party — and especially himself — as a new and bigger type of patron. Thaksin and TRT have moved beyond the boss era of the 1970s by introduced centralized organization and a central source of political funding. They have partially bypassed the pyramid by distributing

⁵ His programme to turn diplomats and provincial governors into Chief Executive Officer (CEOs) similarly carried implicit devaluation of the old institutions.

patronage from the centre to the grassroots in the form of health and insurance schemes, village funds and other credit sources, and various forms of subsidized purchase. They have then been able to persuade local bosses to adhere to their party rather than playing the political market.

This role of a bigger type of patron recalls Thailand's earlier military era when dictators flirted with a similar style, especially Field Marshal Sarit Thanarat. Thaksin's own aides drew the parallel between Thaksin and Sarit.⁶ Through his overwhelming presence on TV, regular touring in the provinces, increasingly casual appearance in public, blunt and often personal way of speaking (e.g., about his own sex life), he became a more "real" figure for the mass than any previous Thai politician. He speaks to the people in the language they can relate to easily. Significantly, however, he is never called with the kin terms or local phrases indicating intimacy, but always "Khun Thaksin" — clearly a boss.

My major point here is that Thaksin developed a populist practice and populist image that would be impossible to predict on the basis of his personal background, his stated reasons for entering politics, his political activity in the 1990s, and the early years of TRT. That is because he was not only leading but *being led* — becoming popular precisely because he responded to social demand. His politics are similar to trends in Latin America and elsewhere because they are shaped by social forces which are based on trends in political economy which are *global* in their extent.

Peering ahead

What then do these cases elsewhere in the world tell us about where Thaksin's populism might lead? There are several possible models, of which I will highlight four.

First, in several countries, aggressive populism has provoked a powerful reaction from some segments of the middle class which feels it gets little from these regimes, and may even suffer a decline in income and prestige. The most prominent example in recent years has been the opposition to Chavez in Venezuela.

A second possibility is a crisis brought on by some combination of economic failure and scandal. This, in fact, has been the dominant pattern in Latin America. With a few key exceptions, most Latin American populist regimes have not lasted more than a few years. Even Fujimori, who lasted about 10 years, eventually fell in a massive corruption scandal. These scandals arise because of the tendency to use personal power to reap corrupt gains, but also because of the need to generate huge covert revenues for managing the politics of these populist regimes. After Fujimori's fall, the huge amounts he paid to politicians, judges and the media were revealed in great detail, and his regime was accused of having raised these sums both by defalcation from the government budget and through illegal activities including drug trading.

The Thai Prime Minister appears to be engaged in managing the political environment on a similar scale, but the methods and money flows are different. Fujimori's biggest expense was in payments to the electronic media, which is not necessary in Thailand since these are all under control of state agencies or the prime

⁶ Luang Pho Khun praises him when he likens him to Sarit Thanarat, referring to Thaksin's decisive action over the anti-drug policy.

minister's family business. If press reports on the retainers paid to TRT MPs are true, the cost of running the party must be at least a billion baht a year, but this could easily be covered by the profits of companies associated with the government.

In Latin America, governments have tended to fall when such scandals coincide with an economic crisis. Indeed the fragility of Latin American economies has been the key reason most populist regime last only a couple of years. But Thailand's economic fundamentals are a lot stronger.

A third possibility is the emergence of conflict between the two strands of Thaksin's regime, namely its support of business, and its redistributive policies to gain mass support. At some point, business may come to resent the diversion of funds to populist schemes. This would happen during an economic slowdown when conflict over competing pressures for the use of scarce funds becomes an issue. Big business in Thailand may want to develop the party towards a more focused business party, somewhat on the lines of the US Republican Party.

A fourth possibility is that Thaksin provokes the rise of a competitive populists who has more authentic and more emotional claims to stand forth as a leader of "the people."

Conclusions.

Let me just sum up the argument. The recent Thai election confirms the immense popularity of Thaksin and Thai Rak Thai. I don't think we should try to explain this by the aftermath of the crisis, the short-term effect of the tsunami, or their skill in political marketing. That's because Thaksin's politics are very similar to a model which has become increasingly common over the past twenty years. Nor do I think we can understand Thaksin's politics by looking at Thaksin personally, because he has changed greatly over the past five years. In other words, he is a political entrepreneur who has responded to social forces.

The worldwide model, to which Thaksin's politics belong, seems to have four main parts: a liberal or neoliberal approach to the economy; "populist" schemes of economic and social distribution; aggressive dismissal of "old politics" meaning old people, leaders, institutions, ideologies and attitudes; and subversion of the liberal state model by a mixture of power and money.

To understand why this model is spreading, I think we need to look at the political economy, and especially at three things.

First, the role of the US which demands some compliance with the neoliberal model, and is prepared to overlook the destruction of democratic ideas and institutions.

Second, domestic capital. Major Thai big business, now confined to domestically oriented service industries, has a strong motivation to control the state in order to defend this enclave against both internal and external challenges. At the same time, they need multinational capital and expertise to drive the export-oriented economy, and hence are inclined to cooperate with the neoliberal world order and the US hegemon.

Third, the “informal” population of post-peasants and the urban informal sector. The pattern of externally-oriented and hence capital-intensive industrialization under global production chains, leaves two-thirds of the population in this group. Thaksin’s politics appeals to them both materially through the universalist nature of his populist schemes, and also emotionally through the rejection of the old politics and the liberal-democratic bundle which gave them little.

The vulnerabilities visible in neopopulist regimes elsewhere do not seem so relevant to Thailand. Thaksin could last a long time. He promises to make the economy grow, and distribute its benefits more fairly. But he is also moving Thailand away from the model of liberal, plural democracy to a one-party state with presidential touches. If we want to prevent this, we first need to understand why it is happening.