Thaksin's Thailand: Populism and Polarisation

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Preface

The nature of Thailand’s government under Thaksin Shinawatra was the major focus of the Thailand Update conference, held under the auspices of the National Thai Studies Centre at the Australian National University in September 2005. I was at that time Executive Director of the NTSC. The Update covered some two years of the Thaksin administration which, in retrospect, can be seen as a critical period in shaping a conflict that led to a military coup one year later, and the polarisation of Thai politics that has continued to this day.

The NTSC is most grateful for support received in organising this conference. The Australia-Thailand Institute was established shortly before the Update, and made a very significant contribution by assisting with travel expenses for Professor Medhi Krongkaew, and other administrative costs.

The Royal Thai embassy in Canberra extended hospitality to Update participants, for which I am most grateful.

My colleagues in the NTSC provided invaluable assistance in ensuring the smooth running of the conference and in preparing the manuscript subsequently. I would like to acknowledge particularly the work of Ajarn Chintana Sandilands, Jason Hall and Elizabeth Hooker at the time, and David Hunter and Sarah Bishop for later manuscript changes.
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Introduction

As yellow-shirted members of the People's Alliance for Democracy (PAD) blockaded Bangkok's airports in November 2008 and clashed intermittently with red-shirted groups aligned to former Prime Minister Thaksin Shinawatra, government ground to a halt. Thailand appeared on the cusp of becoming a failed state. These events followed three years of almost constant street demonstrations by anti- and pro-Thaksin groups, a military coup against Thaksin on 19 September 2006, and years of ineffective government, first by a military-appointed leadership, then two pro-Thaksin governments after the promulgation of a new constitution and new elections in December 2007. Thaksin himself was convicted of corruption charges and sentenced to two years' imprisonment, but with yet further charges pending he opted to become a fugitive and stay outside the country. In late December 2008, the defection of a group from the pro-Thaksin ruling party saw the emergence of a Democrat-led coalition, though few were convinced that this would ease the ongoing crisis.

Such events could not have been foreseen when Thaksin came to power in February 2001. The economy had stabilised after the devastating impact of the 1997 regional economic crisis. A new 'people's constitution', passed at the time of the crisis in 1997, gave Thailand the most democratic framework of any country in the region. As the constitution intended, the elections that followed produced a strong government, with Thaksin's Thai Rak Thai (TRT - Thais Love Thais), campaigning under the catchy slogan of 'new thoughts, new actions,' almost gaining a majority in its own right. Above all, Thailand had a billionaire prime
minister who promised more reform to protect the interests of the rural poor, strengthen economic dynamism, and expand democratic opportunities. There was, admittedly, an awkward matter of outstanding charges against Thaksin for failing to declare all his assets when a member of a previous government. But within six months the Constitutional Court narrowly cleared him, opening the way for him to deliver on his promises.

What caused the change from great hope and optimism to the current malaise? If any one event were to be singled out it would certainly be the controversial sale of Thaksin’s family company, Shin Corp, for US$1.9 billion, tax-free, to Singapore government-owned Temasek, in January 2006. In the face of expanded public protests Thaksin called new elections only a year into his second four-year term, but this failed to stem political disquiet. Elections were boycotted by the opposition, and after the King ordered judges to solve the ‘mess’ the Constitutional Court declared the elections invalid (citing insufficient time and compromises of voting security). Thailand then marked time for several months, ruled by caretaker governments headed by Thaksin and a close associate, and without a legislature. Exhorted to support the nation and not the government by General Prem Tinsulanonda (former army chief and prime minister, and head of the Privy Council), the military then intervened. With tacit approval from many in the middle class, it staged a coup on 19 September 2006.

But without detracting from the singular importance of the Shin Corp sale, Thaksin’s fate and the fate of the Thai polity were also profoundly influenced by earlier developments between 2004 and 2005. That is the focus of this volume.

As Thaksin approached 2004 – the last year of his first term in office – he appeared to be firmly in control. Elements of Bangkok’s middle class were opposed to his authoritarian style (particularly moves to control institutions established as independent, democratic watchdogs), disdain for civil rights (including the extrajudicial killing of around 2,500 during an anti-drugs ‘war’ in early 2003), alleged corruption and media censorship. But with the economy growing at over six percent and overwhelming support from the electorate (particularly the rural poor), Thaksin was entitled to feel politically secure.

2004 started and ended on difficult notes. The security situation in four Malay-Muslim southern provinces deteriorated sharply after a weapons raid against a Thai army base on 4 January 2004; and a tsunami on 26 December devastated six southern provinces, killing more than 5,400 people (around half foreigners). However, the political fallout from these two developments was different. Thaksin’s harsh and ineffective response to the southern conflict alienated democrats, human rights advocates and a number of senior figures close to the monarchy (‘network monarchy’ in the terminology of Professor Duncan McCargo). Southern developments reinforced earlier concerns over incidents of alleged corruption or conflict of interest, and restrictions on the media. The tsunami, on the other hand, saw Thaksin at his best, leading the government response and gaining international and local appreciation for a job well done in difficult circumstances.

Outside Bangkok and the south Thaksin retained strong popular support throughout 2004. The economy continued to grow at over six percent, despite a serious outbreak of bird flu early that year. Rural supporters
remained grateful for a range of populist measures introduced early in Thaksin’s administration, particularly village credit and a comprehensive health insurance scheme. Harsh policies in the south did not detract from his popular support in the North and Northeast. And Thaksin’s response to the tsunami helped distance him from controversial aspects of his administration in the time leading up to elections in February 2005. He went on to a major electoral victory, his TRT gaining the first ever absolute majority by a single party and sweeping all before it throughout the country, with the notable exception of the south.

Thaksin was not able to bask in the glow of electoral victory for long. The concerns of Bangkok’s middle class over corruption intensified, and a series of minor crises followed. In June the senate (with presumed government backing) initiated efforts to dismiss a popular, crusading Auditor-General, but these were aborted after the King refused to authorise her removal. In the same month senior TRT member Prawad Rujanasee published a hugely popular book entitled Phra Ratcha-amnat, or ‘Royal Powers’, arguing that the King retained residual power to intervene in political affairs – widely seen as a reminder that Thaksin should not act completely on his own. Then in September two important developments occurred together. An associate of Thaksin sought to buy the influential Thai language paper, Matichon, and the English Bangkok Post, but was forced to back down in the face of a massive public protest. And the government closed down a television program hosted by Sondhi Limthongkul, a newspaper owner and erstwhile Thaksin associate-turned-critic. Sondhi, in turn, took his program to public parks, attracting thousands and even tens of thousands to his meetings, and eventually giving rise to the PAD.

While public protest began to strengthen in Bangkok, Thaksin pressed on and expanded populist measures to shore up rural support. And he continued, with some success, to look for opportunities for economic expansion, ensuring support from many in Thailand’s business community. After the sale of Shin Corp Thaksin retained much support from his rural base and business colleagues. At the same time opponents from the middle class in Bangkok, sometimes aligned with elements in the military and ‘network monarchy’ mobilised as a powerful force against Thaksin. Protestors often wore yellow shirts, a powerful royal symbol, and their declared goal was protection of the monarchy.

Dr Sripan Rattikchalakorn provides a broad overview of developments between 2004 and 2005. She begins with coverage of the southern violence, the tsunami and the Thailand-Australia Free Trade Agreement (TAFTA). However, the main part of her paper focuses on the nature of Prime Minister Thaksin’s rule, and the emergence of opposition to it. She attributes Thaksin’s success largely to his populist policies – particularly the provision of cheap rural credit and universal health coverage (at 30 baht per treatment). Many of these policies were laudable, even if orthodox economists worried about the long-term consequences. Also noteworthy was the fact that, unlike previous governments, Thaksin implemented all he promised. At the same time Thaksin strengthened control over the media, closing down critical radio and television programmes, litigating against media critics and, as mentioned, acting through an associate making an abortive attempt to gain ownership of the Bangkok Post and Thai-language Matichon.
These attempts to control the media, together with a series of controversies over government corruption or conflict of interest, saw the emergence of opposition from the middle class in Bangkok, and even from the monarchy. Critics included members of the Privy Council and others close to the King, academics and NGO leaders described by Thaksin as his ‘regular critics’, a small number in the ruling TRT party, and two prominent female political figures, Auditor-General Khunying Jaruwan and forensic expert, Khunying Porntip. Critics made their views known in sections of the print media, public fora, a flood of anti-Thaksin books, and the new media of web blogs.

TRT’s huge win in the February 2005 election showed that critics remained in the minority. Despite the concerns of Thailand’s traditional elite, and others in the south, Thaksin retained the support of the masses.

Looking at the economy, Professor Medhi Krongkaew contrasts the early years of Thaksin’s administration (2001-2004) with the situation in 2005. In the initial period Thailand experienced a benign macro-economic environment, and made steady progress. From 2001 to 2003 Gross National Product increased by 1.9 percent, 5.3 percent then 6.9 percent. The environment was not as favourable in 2004 — principally because of the spread of the bird flu virus — but still the economy achieved a respectable 6.1 percent. By the second quarter of 2005, however, it was down to 3.9 percent. The Consumer Price Index began to climb as oil prices rose, and the trade balance moved into deficit for the first time since the 1997/8 economic crisis.

Medhi gives credit to Thaksin for early successes. His idiosyncratic ‘dual track’ approach combined market-oriented, capitalist external policies with state-directed initiatives domestically. It worked largely because of the dynamism of the external sector, combined with domestic resource mobilization, mainly through tax collection. But in 2005 new problems emerged — drought, oil price rises, fallout from the tsunami, and a continuation of 2004 problems, namely the bird flu and the southern conflict.

In response to a more difficult environment, Thaksin modified policy early in his second term, giving more priority to education, human resources development and poverty elimination, and drawing up a range of controversial ‘mega projects’. A Bank of Thailand report supported the usefulness of the mega projects, but Medhi queries whether their full implications were taken into account — including adverse effects on redistribution, and links with corruption. In his view such projects may not ameliorate the main emerging problems, namely an increase in indebtedness and a decline in national savings. These had become so serious that by late 2005 Thailand’s economy was at a crossroads.

In a second article, Medhi notes that Thaksin’s decision to enter into a Free Trade Agreement (FTA) with Australia fitted well with his desire to make the Thai economy more efficient in a competitive, globalised world, and to expand markets for Thai exports. A team from the Faculty of Economics at Chulalongkorn University examined the proposal in depth, expressing support but cautioning that advantages would not be large because the volume of trade was only moderate, and average tariff rates of both countries were not high. For Thailand, this was its
first FTA with a developed country; for Australia, it was the first FTA with a major developing country.

A notable feature of the TAFTA – one that considerably enhanced its value – was that its scope went beyond trade in goods. It covered all aspects of trade and economic cooperation, including trade in services, investment, electronic commerce, competition policy, customs procedures and provisions for dispute resolution. It provided for a significant, immediate reduction across a wide range of tariffs, except for the sensitive dairy industry where Australia allowed Thailand 20 years before full liberalisation.

Medhi notes that in the ten months after TAFTA came into being on 1 January 2005, bilateral trade increased by 45.54 percent, a result probably in part attributable to the agreement. For Thailand, the main component has been motor vehicles, components and parts, followed by air conditioners, seafood and jewellery; for Australia minerals and other metals, followed by silver and gold. The trade balance was in favour of Australia, but abnormal exports of gold and crude oil largely accounted for this. The agreement had been positively received in both countries and enhanced prospects for future expansion in trade and other areas of economic cooperation.

Kavi Chongkittavorn begins his article by examining changes of foreign policy under Thaksin. Before Thaksin, he argues, foreign policy was pragmatic, flexible and guided by the professionals in the Ministry of Foreign Affairs (MFA). Historically, foreign ministry professionals were proud that diplomacy had helped maintain national independence. After the establishment of a people’s constitution in 1997, policy was broadened to include elements of democracy, liberalism and even idealism. This was welcomed abroad, but did not gain favour at home. In the late 1990s, government willingness to work together with international institutions such as the International Monetary Fund saw the ruling Democrats blamed for subservience.

Thaksin introduced a much more personalised and assertive foreign policy, believing this would mean greater influence. He ignored the MFA, and sought to promote a new grouping known as the Asian Cooperation Dialogue (ACD), though with limited success.

Thailand has always had problems along its lengthy borders, but the 647-kilometre border with Malaysia had generally been an exception. Prior to Thaksin taking office, Malaysian Prime Minister Dr Mahathir and his Thai counterpart, Chuan Leekpai, enjoyed a close working relationship, and each handed over wanted fugitives to the other. Thaksin, however, attributed many of the problems in the south to Malaysia, reacting especially strongly in August 2005 when 131 fled conflict in the region and sought refuge in neighbouring Kelantan – forgetting a long history during which Thailand provided refuge for the dispossessed in neighbouring countries.

While alienating Malaysia, Thaksin worked closely with the United States, including through sending troops to Iraq. He also reassured Washington that problems in the south were domestic in nature, and did not require the despatch of US troops. Grateful for these policies, the United States made concessions on issues such as human rights in return.
Policies towards both Malaysia and the United States adversely affected violence in the south. Thai Muslims reacted against pro-U.S. policies, particularly because of perceived injustices of the US-led war on terror. Criticisms of Malaysia impacted on that country’s willingness to work cooperatively against militants.

Examining southern issues in more detail, Professor Duncan McCargo sees the problem as largely a consequence of Thaksin’s efforts to push aside those opposed to his dominance of political power throughout the country. The south was the only region Thaksin failed to dominate in the 2001 elections. He found the situation there had been established at the time when Prem Tinsulanonda was prime minister (1980-1988). Not only were the opposition Democrats entrenched, but so were members of ‘network monarchy’ – a loose alliance of groups around the Privy Council (particularly Prem), another revered former prime minister, Anand Panyarachun, and NGO figures involved in drafting the 1997 constitution.

Power brokers in the south acted particularly through the Southern Border Provinces Administrative Centre (SBPAC), an organisation under the Interior ministry which had some success in mediating conflicts with local Muslims, and together with a related security organisation kept security forces (particularly the police) in check. Abolition of this organisation in mid-2002 put the police in charge of security, leading quickly to conflict with Muslims and an upsurge in violence.

Thaksin occasionally went through the motions of looking at conciliation, sending Deputy Prime Minister Chaturon Chaisang to investigate. However his swift dismissal of Chaturon’s proposals showed the impossibility of such an approach. Pressured by several groups Thaksin eventually announced a National Reconciliation Commission headed by Anand, but treated it with contempt.

Conflict between Thaksin and ‘network monarchy’ centred on the south, but was not confined to it. As the year progressed there were further indications of this in TRT dissident, Pramuang Rujanaseri’s book on ‘Royal Power’, and royal support for Auditor-General Khunying Jaruwan. By late in the year the NRC had come to represent virtually an alternative source of legitimacy.

Professor William Case’s study of the 2005 election contrasts Thaksin’s overall electoral success with failure in the south. Though many have been highly critical of Thaksin’s electoral manipulations, Case begins by noting that of all Thailand’s major political leaders – including Phibun, Sarit and Prem – Thaksin alone has taken elections seriously. However, he did not seek to establish a level playing field for all contestants. He reduced competition by restricting opportunities for political contest; merged political and business interests under the TRT; courted public support by extending welfare benefits to the rural poor; projected a unique, personalised ‘Thaksin brand’; and backed all this with sophisticated machinery to research voters’ wants and professionally market government policies. He also benefited from a debilitated opposition in the form of the Democrat Party, and sections of the 1997 constitution that sought to strengthen larger political parties and the executive.

Thaksin refused to debate with the opposition during the electoral campaign. He simply asserted that government
by a single party was best for efficiency. Traditional vote-buying and violence were an important part of the campaign, though whether this was on a larger scale than in the past remains unclear.

In an election that saw the highest voter turnout ever — over 70 percent — Thaksin’s RTD emerged victorious, securing 377 of the 500 House of Representatives seats. It swept all regions of the country except, as noted earlier, the 14 provinces of the south. In the predominantly Malay Muslim south the RTD won no seats, the first time ever Muslim voters had used elections as a channel to express dissatisfaction with the government.

A number of themes appear repeatedly throughout this volume. Many factors have helped account for Thaksin’s success — his attention to effective planning and implementation, his success in devising policies that gained popular support from the rural voters, and his ability to project himself as a ‘can do’ personality. These have continued to make Thaksin a formidable force long after his ouster, in spite of numerous obstacles placed in his path. At the same time he alienated many in Bangkok’s middle class, and the south, by his authoritarian approach, alleged conflict of interest and corruption, and intolerance of an independent media. The resulting deadlock between pro and anti-Thaksin forces may take years to resolve.

Chapter 1: Politics under Thaksin: Popular Support, Elite Concern

Sripan Rattikalchalakorn

The closing stages of Prime Minister Thaksin Shinawatra’s first administration, and the opening months of the second, were a turbulent period in Thai politics. Violence in the South erupted unexpectedly and defied government attempts to bring it quickly under control. A massive natural disaster hit Thailand with the arrival of the Asian tsunami on Boxing Day 2004. Thailand continued to seek opportunities for economic expansion both domestically and internationally, signing a Free Trade Agreement with Australia in July 2004. An election in February saw Thaksin strengthen his hold over parliament and politics in Thailand generally. Still, while the general public was happy with Thaksin, members of the middle and upper classes became increasingly concerned about the viability and conflict of interest in Thaksin’s populist economic policies, his ineffective response to southern problems, and his impatience with democratic procedures. Controversially, even the palace seems to share some of these concerns.

This chapter looks at developments from around mid-2004 until September 2005 focusing on nine main areas: (1) southern violence; (2) the tsunami; (3) the Thailand-Australia Free Trade Agreement (TAFTA); (4) populism; (5) corruption and conflict of interest issues; (6) media control; (7) royal power; (8) anti-Thaksin movements; and (9) the elections.