



VIEWPOINT

The Political Scene in Thailand: Pre-Election Observations

In response to regular queries received from our multinational clients, David Lyman, Chairman & Chief Values Officer of Tilleke & Gibbins, has been providing periodic updates on the ongoing political events in Thailand since 2006. The below views summarize and update several of these reports.

Events Impacting Thailand

The world financial and energy problems since mid-2007, fluctuating petroleum and agricultural prices worldwide, political turmoil throughout North and West Africa and the Middle East, the natural and nuclear disasters in Japan, the floods in Australia, exacerbated locally by four successive Thai prime ministers in 2008 alone, Thai Government House and Bangkok's airports terminal buildings occupied in the latter part of 2008 by political protesters, major Thai political parties ordered to disband, April 2009 and March-May 2010 political violence, regular Red Shirt and opposing Yellow Shirt rallies, continued unrest by separatists in the South, floods in the South and droughts in the northeast and north of Thailand and the outbreak of nationalistic driven border tensions and military engagements with Cambodia over conflicting claims to a small area of land, all sound like bad news for Thailand. However, to those of us who live and work in this wonderful country, with its 67 million inhabitants, somehow, in spite of its inept governments and its continued chaotic political situation, Thailand always survives. The rule of law generally prevails, the currency has remained relatively stable and strong, and there is still plenty of food to feed the populace.

A Brief Political History

A bloodless military coup on 19 September 2006 ousted Prime Minister Thaksin Shinawatra during his second term and retired General Surayud Chulanont was appointed as interim Prime Minister in October. Martial law lasted less than five months after the coup and a new Constitution was approved by a referendum within seven months. General elections were held in December 2007 where the People Power Party (PPP) won the most votes and Samak Sundaravej was sworn in as Prime Minister in February 2008. Thaksin's corruption trial began shortly after in July 2008.

In September 2008, mass protests were held, calling for the resignation of PM Samak. Anti-government protestors, known by their Yellow Shirts, also occupied the main government complex and a state of emergency was finally declared after thousands of pro- and anti-government protestors clashed in Bangkok. Protests persisted despite PM Samak being dismissed by a Constitutional Court on 9 September 2008 for violating conflict of interest laws by holding an (inconsequential) alternate private employment—appearing on a weekly TV cooking show! Somchai Wongsawat (brother-in-law of the ousted PM Thaksin) was chosen by Parliament as the new Prime Minister.

By October 2008, anti-government protests had claimed 16 lives. In a “final battle” to topple the government, Opposition People's Alliance for Democracy (PAD aka Yellow Shirts) rallied for tens of thousands to protest around the Parliament building in Bangkok. Thailand's main airports were suspended after anti-government protestors blockaded terminal buildings. Meanwhile, former PM Thaksin was found guilty of corruption over a land deal.

PM Somchai was also removed from office in December 2008 after a Constitutional Court disbanded the PPP for alleged electoral fraud and barred its leaders from politics for five years. Opposition leader Abhisit Vejjajiva secured a coalition within the Parliament to become the new Prime Minister, becoming the third new leader in three months. He remains in office to this day. However, the pro-

Thaksin opposition protestors (Red Shirts) continued to hold rallies against the government's economic policies. An April 2009 ASEAN summit was cancelled after protestors stormed the summit venue in Pattaya. In April 2009, PM Abhisit declared a state of emergency and moved troops into Bangkok to end a protest sit-in. The Emergency Decree was lifted within the month.

In February 2010, the Supreme Court ruled that Thaksin illegally acquired \$1.4 billion during his term of office. Riots around March-May 2010 saw tens of thousands of Red Shirts paralyze parts of Bangkok such as the city center Ratchaprasong area for two months, demanding PM Abhisit's resignation. The ongoing clashes eventually left 91 dead and over 1,800 wounded among the protagonists—protestors and the military—and bystanders including some journalists. Extra-Parliamentary avenues such as televised debates were explored to reach an amicable solution. These, however, proved fruitless.

Despite further offers by PM Abhisit to cut short his term by over a year for snap elections, the Red Shirts rejected the offer. Army troops finally intervened in force to bring an end to the demonstrations. Throughout the Police stood idly by rather than imposing law and order. Against their wills, the Army cleared the streets of the long stay protestors and most were sent home, some leaders were arrested, some escaped, some persons died, some were wounded, and some buildings were set ablaze. There were few innocents in those days. The next day, along with clean-up crews from the Bangkok Municipality government, many citizens of Bangkok spontaneously appeared to sweep and wash down the streets previously occupied by the Red Shirts, collect the garbage, and tidy up the remnants.

Road to Reconciliation

The Truth and Reconciliation Commission of Thailand was established on 15 July 2010 to investigate and establish facts about the violence between March and May 2010, compensate victims of violence, and suggest measures to reduce conflict and prevent further violence. Recent complaints say that the Commission, because of alleged lack of cooperation by the police and the military, has been less effective than desired.

Two constitutional amendments have also been made since. The first held that types of international treaties requiring parliamentary approval must be specified, and the negotiation framework and procedures for signing be laid out. Second, a new formula was developed for 375 constituency-based Members of Parliament and 125 party-list seats, a change from the previous 400:80 ratio. The new electoral framework would strengthen political parties. The efficacy of these reforms, however, is yet to be known.

Socioeconomic reforms include land use, social welfare, education, decentralization, the justice system, health care and water management. More significantly, proposals restricting land ownership through a progressive tax system have been made to remedy wealth disparity.

Media reforms have allowed some official information to be made more accessible to the public. It has also been proposed that the government allocate funds to establish independent bodies to monitor and regulate the media. These reforms are aimed at a more efficient and accessible public media. Note, however, that many internet web sites considered inappropriate, for a variety of reasons, have been blocked by the state. And there are some topics which are not discussed publicly.

Myths of Political Polarization

The legitimacy of the PM Abhisit coalition has been an opposition complaint. The issue is the way in which PM Abhisit, a seven-time elected MP, came to become PM. In a parliamentary democracy, should an incumbent Prime Minister be removed from office before the end of his term, a new Prime Minister is usually elected by the vote of a majority of the remaining voting MPs. That is what happened vis-à-vis PM Abhisit. Even though his party was a minority party, that is the way of a parliamentary democracy system. So the clamor of the PM's favoritism of a "judicial coup" by a biased judiciary is not well founded.

Armed intervention by the military in the March-May protests only occurred after it became apparent that some protesters were armed, and only after unarmed security forces became the first death casualties. It was under these compelling circumstances that armed intervention took place.

By many reports, foreign media perpetuated the convenient categorization of the Red Shirt protest as a struggle for justice and democracy, while the Abhisit government suffered the ill-repute of being elitist and pro-rich. The slanted portrayal of the parties plays a significant role in molding the political archetype present today. The Asia Foundation reminded us that often overlooked is the fact that majority of Thais are neither Red nor Yellow.

Future Elections

With the very recent passage by Parliament, finally, of several organic laws required by the current constitution related to elections and the Election Commission, the Parliament is expected to be dissolved by order of PM Abhisit in early May 2011, although the official date has not been announced. Elections are required to be held between 45-60 days thereafter in June or July 2011. This presents a golden opportunity for Thailand to address political differences brewing for the past five years.

Rumors have been flying about of an anticipated coup by the anti-Thaksin military leadership to abort the elections. The military have emphatically and repeatedly denied such rumors. In our view, a coup is not likely as the military are being listened to and placated by the current government. The rumors are allegedly traced to those who would benefit from disrupting the political processes.

The 2011 constitutional amendments will be effective in the coming elections. There is a homegrown political culture with both old school local political patrons and their vote canvassers, Young Turks and some fresh blood, which may or may not be beholden to enticing influences. The Democrat Party coalition and the Puea Thai (Thaksin influenced—their recent slogan is: “Thaksin thinks. Puea Thai does.”) opposition party have announced similar political platforms, including social security schemes for workers in the informal economy and low-interest loans for taxi drivers and street vendors, with the aim of meeting day-to-day needs of the poor, and government subsidies for all sorts of programs (until the funding runs out—after the elections, of course). The Puea Thai party and its political allies are also the staunchest supporters of former PM Thaksin, now a fugitive living in exile. Better education, more subsidies, keeping oil and food prices down, promises of less taxes, increased daily wages, land reform and all the usual largely unkept but always repeated political promises, too quickly forgotten, emanate from all parties across the Thai political spectrum.

Red Shirts and Yellow Shirts may obstruct the campaigns of politicians they oppose, although Red Shirts have less compelling reasons to do so, given that they were the ones calling for fresh elections. Signing of electoral codes of conduct has been proposed to moderate behavior of candidates and supporters during this period.

The legitimacy of Abhisit’s coalition government was one of the Red Shirts’ key contentions. Should another coalition be formed, which in traditional Thai politics is the norm, its legitimacy will be pivotal to the formation and effectiveness of the new government.

Yes, there will be more political blathering and jockeying for political one-upsmanship. There will be blatant vote buying. Between now and election day, there will be shifts of political loyalties. Back room deals and maneuverings are happening. Influences on the process will come from within and without the nation. There will be uncertainty in the buildup to the elections and the media will be full of opinions, predictions, prognostications and condemnations. In the end, the elections will be monitored and should be relatively well organized, free, clean, and fair with little or limited associated violence.

We will not speculate on the outcome of the elections, on which party or parties will win the most votes, the existence or makeup of any coalition or which party or parties will form the new government. There are a variety of possible scenarios—each with their consequences. Running a country with the diversity and complexity of Thailand is no easy task for whoever is in control. And there will always be an opposition which wants to wrest that control for itself, at least being a conscience to uncover the mistakes and ineptness and inefficiencies of those in power, too often at the expense of doing or delaying what is best for the country.

Corruption

To the credit of the powers that be, even some blatant grand corruption (and there is lots of that), long ignored or covered up in the past, is being exposed and addressed. Building on the government's earlier approval thereof in December 2010, on March 31, 2011, the Thai Parliament finally ratified the United Nations Convention Against Corruption (UNCAC), almost the last signatory state party to do so. Almost concurrently, the Parliament adopted the long-awaited Organic Act on Counter Corruption. Taken together, these actions represent important steps towards fighting endemic corruption and ensuring equitable political processes.

The Private Sector

As for the private sector, the Thai domestic corporate and business worlds have begun to embrace corporate social responsibility, good governance, technological innovation, and responsible environmental practices.

Thailand is a leading member of ASEAN and is preparing for the ASEAN 2015 Economic Integration, in addition to being party to a growing number of bilateral and multilateral Free Trade Agreements.

The economy is, in a word, booming. Unemployment is almost unknown. There is a labor shortage of both skilled and unskilled people. The Thai Baht is strong. Exports are up and were not affected by the political events of 2010. The financial coffers of the nation are managed conservatively with large foreign exchange reserves. Inflation is moderate and under control, subject to the global economies.

“Amazing Thailand” is no longer just an outpost—one look at the national multi-lane highway networks, expanding electricity grids, irrigation systems, modern seaports and airports, expansive hospitality industry infrastructure, cell phone users and networks, computer users internet and social network coverage, Bangkok's expressways, Skytrains, underground subway systems and the skyscraper skyline of this capital city shows Bangkok today, now a city of about 14 million inhabitants, and a number of upcountry provincial capitals have transformed themselves far beyond imaginations of just a few decades ago. The country is a tourist mecca and tourist arrivals at its international airports across the land have reached record levels.

There is a saying among the old timers in this country: “Thailand succeeds in spite of its governments.”

Prognosis

Is Thailand still a paradise? In our opinion, the answer is “yes”, for many, but not for all, particularly the poor, both rural and urban, some of the sick, the elderly, and children.

Bear in mind that Thais are not pathfinders. They are low risk takers. Witness the slowness of their shift to 3G mobile networks, their ignoring the need to revamp and modernize their educational systems and the quality of public education, ditto the reforestation of their forests and the preservation and conservation of their wild flora and fauna, their slowness in dealing with environmental needs, their failure to deal with an antiquated railroad system, or matching the infrastructure developments and economic performance of some of their fellow ASEAN member countries, etc.

Despite all, Thailand is an incredibly lucky country. It always seems to eventually land on its feet after dealing with adversity piled upon adversity. David Lyman, Chairman & Chief Values Officer of Tilleke & Gibbins, has been quoted before as saying, “Thais will eventually do the right thing after they have exhausted all other possibilities.” Though it appears to the contrary and except for a detour here and there, Thai politics are certainly heading, albeit slowly, towards doing the right thing in regard to addressing the country's ills and misfortunes and healing its wounds. Just because the former Prime Minister went off track does not mean that some of his new policy ideas were not sound. By waking up the electorate he did change the political landscape forever.

Thailand is a stumbling but functioning multi-party democracy with real politics on district, local, regional and national levels. The road to democracy in any country, and which Thailand continues to follow, is fraught with potholes, diversions, blockades, reversals and dead-ends. Democracy does not just happen. It is a long painful process, never completed, never totally satisfying. It is certainly not the

ideal form of government, but over the ages has been deemed the most acceptable until mankind can develop and adhere to a better form. So just because the Thai body politic and some of their political parties and local and national politicians are motivated more by greed and self-interest than sound nation building, is no reason to give up on the democratic progress in this country.

If the political infighting is repressed and those now in the seats of power, on all sides of the political spectrum, finally begin to look outside themselves to what is in the best interests of the nation, then Thailand can and will focus on reinvigorating its unfettered nonstop development and addressing the short- and long-term social welfare of its citizens.

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