**BY INVITATION** 



## **Thailand – Back to the Future**

Thailand seems to be finally at peace with itself. After the Shinawatra years, where Thailand was on edge between warring tribes – anti-Thaksin yellow versus pro-Thaksin red shirts – the country seems under the military junta to have resigned itself to an exhausted calm. Economic growth has been decent. Market has done well.

But this could be the calm before the storm. Past coups have typically followed a similar period of calm but often ending with a terrible convulsion. This present one is unlikely to be any different. The fundamental socio-economic inequities and resulting political tensions that brought the country to the brink of a civil war remains unresolved.

The present coup leaders sought not to unite an increasingly polarized country but to attempt to go back to the future. It is a throwback to the administrative state of the 1970s and 1980s where a trinity of elite interests – "monarchy-military-bureaucracy" – calls the shots. The key thrust behind this nineteenth coup is to circumscribe the popular will and the power of elected officials. It is therefore not just an anti-Thaksin coup but an anti-democracy coup. Despite promises to hold an election by late 2015 when it took power in 2014, the current military government has remained in power longer than any other previous unelected government in Thailand's history.

The new constitution ensures that the role of elected officials will be marginalized. They will be more like town councillors rather than members of the national Parliament. This is because a binding 20 year National Strategic Plan that covers all strategic areas from the economy to security that an elected government would normally be expected to do has already been decided by a committee headed by the junta and which has been unanimously approved by a pliant Parliament. Deviations by a future elected government is not permitted and may be a cause for removal. The 250 member Senate which makes up one third of Parliament will be entirely appointed by the junta. The term of the Senate and the Lower House is not concurrent but overlaps so as to ensure that the military retains the upper hand in Parliament. Independent institutions like the Constitution Court, Election Commission and National Anti-Corruption Commission are all compromised as they are run by junta loyalists. And for good measure, in case this latest constitution does not result in the desired electoral outcome which is to ensure that those elected cannot lead, the junta has the power to intervene on who forms the government and if necessary, get rid of the constitution, the country's twentieth and replace it with a new one. Thailand's junta has thus legitimized future coups by making it constitutional.

But no constitution in Thailand can bring prolonged stability if its central purpose is to entrench the interests of the Bangkok ruling classes and to effectively exclude the masses from power. The ruling classes of Thailand have an unabashedly feudal mindset. This explains why a surprising number of educated Thais support the junta. The ruling classes have been fighting hard to keep out those they felt not born to rule. This is also why they hate Thaksin intensely as they blame him for upending the old political order by empowering the rural poor.

Intra-elite conflict in Thailand has a distinct social class dimension to it. The old elite has a visceral dislike for the new elite whom they dismissed as "having money but no class". A standing joke is that of former

Prime Minister Banharn Silpa-archa who reportedly thought that Queen Elizabeth was Elizabeth Taylor. Banharn made his fortune in the construction business and was part of a new moneyed elite that rose to power in the 1990s and was looked down upon by the old ruling classes. As for the rural masses that support these new elites, they are often derogatorily referred to by the old elites as "stupid buffaloes". But alas as in all countries, there are many more poor than rich people in Thailand, and so under "one man, one vote", these "stupid buffaloes" will most likely run the country.

The junta has spent the last four years trying to fix this problem. The military had tried earlier in 2006 when they got rid of Thaksin but obviously failed as his proxies including his sister, Yingluck won convincingly in subsequent elections despite the electoral playing field being tilted against them. This time the ruling classes intend to get it right, which helps explain why the promised election has been postponed repeatedly until they are confident that they will get a weak coalition government that poses no threat to the ruling junta as the coalition would be too busy trying to stay alive, rather than govern the country. In short, disguised military rule.

But the problem in Thailand is not Thaksin and his brand of populist politics but feudalism and the challenges to it as the country modernizes. Thaksin led the genie out of the bottle by empowering the rural poor who historically has been ignored by the Bangkok elites, thereby changing Thai politics from a patronage system to mass politics. This awakened rural class is a threat to the existing Bangkok ruling classes and thus must be somewhat accommodated. This is why even the military junta chief Prime Minister Prayut Chan-o-cha has visited frequently the rural Northeast to garner support for the coming election.

But whatever the outcome of the election, Thailand's political system retains its sense of impermanence. This is so as there is no national consensus underpinning it, the vote in the referendum for the new constitution was by a public worn out by more than a decade of political street protests. Those marginalized under what is in effect the re-establishment of the old political order under a different wrapping, will fight back. They are now patiently biding their time, collecting grievances, nursing resentments, remembering mistakes and abuses by those in power so as to unleash when the time is right, another round of political warfare.

The big challenge then for Thailand is to find the right balance between the traditional elites and the rest to prevent this recurring cycle of instability. If it is "one man, one vote"; these old elites will reject the inevitable outcome as they think the rest are incapable of ruling and will harm their long-entrenched interests. Bangkok constitutes only 15% of the population but has more than half the wealth of the country. This is what they are protecting. And against that is the fight for a more inclusive society – politically, socially and economically. But the old ruling class will not accept any significant re-distribution in this highly unequal society and if necessary will defend their interests against the masses at the point of a gun. So as we have seen in the past decade, Thailand is well-nigh ungovernable under British-style parliamentary democracy because the losers reject the outcome, take to the streets and welcome in the tanks. But the alternative of a country effectively governed by a permanent ruling class with elected officials simply as window dressing will likely be unsustainable for a modern economy and society in the age of social media. In any case, this has been tried many times in the past and its apotheosis was the "Bloody May" incident of 1992. In May that year, massive protests rocked Bangkok as close to 200,000 people demonstrated against the government of the then coup leader General Suchinda Kraprayoon. And so we have seen this movie before.



As the philosopher George Santayana said, "Those who cannot remember the past are condemned to repeat it." We must hope that those running Thailand today have better memories.

## Mr. Raymond Lim

Mr. Raymond Lim is Executive Chairman of APS Asset Management and Senior Advisor to John Swire & Sons. Mr Lim is a former minister in the Singapore Government and held various appointments including foreign affairs, finance, trade & industry and transport. Mr Lim is also an Adjunct Professor at the Lee Kuan Yew School of Public Policy, National University of Singapore and the Nanyang Centre for Public Administration, Nanyang Technological University. He sits on the board of several companies including Hong Leong Finance, Raffles Medical Group and Swire Properties.

For more information, please contact <u>cs@aps.com.sg</u>

**IMPORTANT NOTICE**: The views expressed in this article are solely those of the author in his private capacity and do not in any way represent the views of APS Asset Management Pte Ltd. This Publication is strictly for information and does not have regard to the specific objectives, financial situation and particular needs of any specific person. It is not, and should not be construed as, an offer or invitation to offer, whatsoever, to enter into any dealing of securities. Nothing contained herein constitutes investment advice and should not be relied upon as such. Past performance of the securities and any forecasts made or opinions expressed on the economy, stock market or economic trends of the markets are definitely not indicative of future or likely performance or any guarantee of returns. APS accepts no liability and responsibility, whatsoever, for any direct or consequential loss arising from any use of or reliance on this Publication. While APS believes the information for the Publication, which is based on certain assumptions, conditions and facts available, to be reliable, this Publication is provided on an "as is" and "as available" basis subject to change, of whatsoever form and nature, at any time without notice. APS has not independently verified and does not make any representation or warranty as to the accuracy, adequacy, completeness, reasonableness or truth of the Publication. Distribution of this Publication to any person other than the recipient and its adviser(s) is unauthorized and any reproduction of the Publication, in whole or in part, or the disclosure of any of the contents, in each such instance is strictly prohibited.