

## Class, Economy, Monarchy: Thailand's Multidimensional Malaise

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*David Camroux*<sup>1</sup>

The attempt on Monday 13 January to shut down Bangkok, orchestrated by the People's Democratic Reform Committee (PDRC) led by Suthep Thaugsuban, a former Deputy Prime Minister and member of the opposition Democrat Party, does not seem to have achieved its objective. Moreover, through the soft policing of the demonstrations, the caretaker government of Yingluck Shinawatra limited the kind of violence that the opposition had hoped would provoke a military coup and thus thwart the early elections planned for 2 February. These elections are being boycotted by a parliamentary opposition which is conscious that it would probably lose, given the popularity of the present government.

Meanwhile, the political unrest is taking a toll on Thailand's economy. Besides the immediate adverse effects of violence on tourism and the service sector, a more deep-rooted problem looms over Thailand's economic outlook. Without a corresponding investment in infrastructure, education and research and development in order to improve productivity, Thailand finds itself increasingly threatened by a middle-income trap.

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*This paper expresses the view of the author and not the European Institute for Asian Studies*

<sup>1</sup> David Camroux is an Advisory Board Member at the European Institute for Asian Studies. He is also a Senior Lecturer and Senior Researcher at Sciences Po (Centre for International Studies and Research), Paris.



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Does this mean the Thai crisis has ended? Probably not, for first all the crisis is now being played out also by using ostensibly legal instruments. The opposition is instrumentalising the Constitutional court and the National Anti-corruption Commission to evict the now caretaker government on the basis of ineligibility and corruption. On the government's side the threat of arrest for sedition hangs over the heads of the main leaders of the PDRC and, with the declaration of a State of emergency on 21 January the government has given itself further reserve powers to end the protests.

Above all, for what is occurring in Thailand is not so much a "crisis", to use that much-abused term, but something far more serious, a profound malaise within Thailand as a whole that has been brewing for over a decade. If one were to seek an image that of Russian dolls comes to mind The longstanding competition for power among elites is eclipsed by social cleavages, economic uncertainty and an almost existential angst linked to a "fin de règne".

Particularly since the end of the absolute monarchy in 1932 Thailand, has experienced constant inter-elite competition for power. With the military stepping into the background (while in reserve to intervene) and the bureaucracy becoming more professionalised, from the 1970s this inter-elite competition became one between politically connected economic elites using the electoral process. Initially this meant a comfortable alternating of power amongst members of the Bangkok establishment supported by the military, the public service and with the blessing of the Palace. The series of weak coalition governments allowed the Thai bureaucracy in alliance with the Military to hold the reins of power, while imposing as few as possible constraints on the Bangkok business community who flourished in the process.

However, from the 1980s the situation evolved with emergence of politicians/business people, such as Barharn Silpa-Archa, with their political and economic power bases outside of Bangkok. The Chiang Mai based Sino-Thai tycoon, Thaksin Shinawatra, elder brother of the present PM, is the epitome of this new non-Bangkok business and political elite. The 1997 Peoples Constitution, the only one of the 18 since 1932 to be drafted by an elected Constitutional Drafting Assembly, had as its objectives the elimination of patronage politics, vote buying and other forms of corruption, as well as the creation of stronger political parties based on policy platforms. Alas, in the eyes of the anti-government opposition it paved the way for the election in January 2001 of Thaksin's *Thai Rak Thai* Party, a party which for the first time had a majority in its own right in the bi-cameral parliament.

To his opponents Thaksin was worse than a populist, he was someone that actually applied his political program in favour of his electorate, the poor rural and poor urban



population. In doing so not only did he ensure his reelection in April 2006 - and improve the profits of his Berlusconi type business empire partly through illicit means - he gave a sense of empowerment to the neglected population of the North and Northeast and the slums of Bangkok. Moreover, from his position of strength in parliament Thaksin, for better and for worse, was able to effectively govern. In doing so he not only upset the comfortable arrangements of the past but also, in Buddhist terms, appeared to perform those meritorious acts which are usually associated with the Royal Family.

In the process the urban-rural cleavage took on a political form providing a second, social, dimension to the Thai malaise. For the middle classes of Bangkok the members of the rural population and their poor urban cousins are "water buffalos", decent but unintelligent and "lacking in an understanding of democracy". Yet these people have seen the government they duly elected twice overthrown by a coup in September 2006, two succeeding governments of a relabeled *Thai Rak Thai Party* destabilised and then overthrown through parliamentary maneuvering and the abusive use of the judiciary. The occupation of central Bangkok in March 2010 by the red shirt supporters of Thaksin, one that was violently suppressed with the death of some 90 demonstrators, was a sign of the potential for civil strife haunting Thailand today. Clearly this social cleavage cannot be resolved by another inter-elite bargain, rather it requires the creation of a new social contract, something that seems elusive in a still somewhat feudal Thai society.

Such a social contract would require a redistribution of wealth: at present the Greater Bangkok region is eight or nine times wealthier per capita than the poorest regions in the North and Northeast. This redistribution is precisely what Thaksin sought to do with his village and *tambon* (sub-district) subsidies, health care measures and infrastructure projects. The present government has implemented even more direct measures such as subsidizing the purchase of rice at 40 percent above the market price and instituting a minimum wage of 300 baht (about USD 10) per day. In doing so it exacerbated a third, in this case economic, malaise that is beginning to grip Thailand. From a narrow macro-economic view it is the cost of these rice subsidies of some USD 21 billion (condemned by the IMF), as well as wages that make unskilled Thai labour less competitive that are the problem. But, from a broader perspective, these measures challenged the Faustian bargain at the heart of the Asian miracle: keeping rural incomes low, in order for labour costs in the manufacturing and service sectors to be kept correspondingly competitive. Yet, without a corresponding investment in infrastructure, education and research and development in order to improve productivity, Thailand finds itself threatened by a middle-income trap. Labor-intensive manufacturing and even tourism have to face increased competition from China, Vietnam, Cambodia and, in the near future, Myanmar.

These three types of malaise are, taken together, difficult in themselves to remedy. However, there is a fourth element that makes contemplating a way forward difficult at the present juncture. Thailand's King Bhumibol Adulyadej, Rama IX, on the throne since 1946, is revered by his people, as we are constantly reminded. He is the only king that virtually all Thais have known. On previous occasions he acted as the neutral referee and benevolent father to help resolve inter-elite conflict. But aged 86 and infirm he is no longer in a position to do so. His heir apparent, Prince Maha Vajiralongkorn, is unpopular and is widely considered by the very people in Bangkok who support the monarchy, for being (for disreputable reasons) an ally of Thaksin and the present PM. He is, hardly in a position to perform the role of a *dhammaraja*, the virtuous benevolent father-king.



The “networked monarchy”, as Duncan McCargo put it, is a political force in Thailand, as well as an economic force with wealth of some USD 30 billion, largely in the hands of the Crown Property Bureau. That there has not been a coup d’état in present circumstances, it is not only because the military has learnt that they can be counterproductive and, moreover, could lead to serious civil strife, but it would also seem that, unlike in 1976, 1991 and 2006, the military leadership has not been given even tacit approval from a Palace, which is itself probably divided or in stasis. Lest it seems an exaggeration to question the future of the Thai monarchy, the keystone of the Thai social order, there is an adage in Thailand that ‘there will not be a Rama X’. King Bhumibol is the ninth of the extraordinary Chakri dynasty.

