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THAILAND: POLITICAL TURMOIL AND ITS IMPLICATIONS FOR NEW ZEALAND

DIFFICULT TIMES AHEAD

Once again, violence has returned to the streets of Bangkok, generating a renewal of travel advisories. Once again, the Thai Government is paralysed. The catalyst for the re-emergence of street protests led by former Deputy Prime Minister Suthep Thaugsuban, leader of the main opposition (the somewhat ironically named Democrat Party), was Prime Minister Yingluck Shinawatra's decision last October to propose a highly controversial amnesty bill. This would have paved the way for the return of her brother and former Prime Minister Thaksin Shinawatra, currently in exile and facing prison time were he to return, on corruption charges.

For Suthep this presented an opportunity to reignite attempts to remove the Prime Minister from office. As one of the ruling party's lawmakers now acknowledges the bill was a "grave miscalculation". Suthep, whose loathing of Thaksin knows few bounds ostensibly because of the latter's corrupt practices, demanded not only that the Prime Minister step down, but also called for the indefinite suspension of democracy. He proposed that an unelected Peoples Council govern for the time being. The resignation of Democrat Party MP's to join the protest movement, left the Prime Minister with little option but to call a fresh general election. She dissolved parliament on 9 December and announced elections would take place on 2 February.

Believing that elections would once again return Peau Thai, the Prime Ministers' party, to power, Suthep, whose own party had been convincingly defeated in 2011, refused to stand candidates and sought vigorously through various channels to prevent the elections taking place. Having failed to achieve this by legal means, Suthep's "yellow shirts" as the protest movement is known, forcibly prevented voting taking place in nine southern provinces and in 13 out of 33 Bangkok constituencies.

While Peau Thai was again successful it seems that it has lost some support in its northern strongholds where turnout barely exceeded 50% despite there being none of the obstacles that prevented polling elsewhere. For the Prime Minister it was something of a Pyrrhic victory. The combined impact of the Democratic Party boycott and the forced closure of many booths produced the result Suthep hoped for. There are insufficient MP's to provide a quorum so Parliament is unable to meet, leaving Prime Minister Yingluck again in caretaker mode. She is now grappling with the constitutional requirement that parliament must elect a new prime minister within 60 days of an election, and unable to access Government House which the protestors have effectively sealed off. Efforts are now being made to organise elections in those provinces where voting was disrupted.

Suthep's next step was to petition the Constitutional Court to dissolve the ruling party claiming that the polls violated the constitution on several grounds including the fact they were not completed in one day (conveniently ignoring that this was his own doing not that of the Prime Minister's).

Suthep may have been hoping that the Army would step in. Thailand has a history of military coups – 18 since 1932. But they are not the answer to Thailand's problems. The hierarchy of command so important for a military force to operate effectively is not designed for the effective governance of civilians. So far the military has not intervened, (its last intervention was not a success), although the comment reported to have been made on polling day by Army Chief, General Prayuth Chanocha, that he would "rather not say whether I approve of elections", is hardly an overwhelming endorsement of the electoral process.

Like the Prime Minister, Suthep may have also miscalculated. It had been apparent for some months that the extravagant rice subsidy scheme which was a key election plank for the Prime Minister in the 2011 elections, would soon present a serious (possibly insurmountable) problem for her. Yingluck had promised that the scheme would guarantee rice farmers up to 40% above market rates for all the grain they could sell.

The scheme has been an unmitigated disaster drawing strong criticism from the International Monetary Fund. Estimated to have cost in excess of US20 billion it is unsustainable. There is a stockpile of some 20 million tons of very expensive rice, some of which may now be in danger of rotting. Thailand has lost its longstanding position as the world's leading rice exporter. The Government has just been dealt a further blow with the Government Savings

Bank's recent decision to scrap a loan to a state farm bank that could have been used to prop up the scheme for the time being.

The near collapse of the scheme may also account for the ruling party's diminished support in the north as rice farmers have added their voice to recent protests. More than a million farmers are owed thousands of dollars. Many have no other income.

A probe by anti-corruption investigators into the scheme has resulted in a recently announced decision to lay charges against the Prime Minister. Should these charges be proved, it is difficult to see how the Prime Minister can remain in office.

Behind the headlines about alleged corruption, however, the winds of change are beginning to sweep across Thailand's political landscape. Social, economic, and political forces are now at work that will eventually re-shape the country. When the elderly and ailing King passes from the scene, the debate about moving towards a constitutional monarchy will almost certainly intensify.

While the Democrat Party's agenda appears to go little further than to demonstrate an intense hatred of the Shinawatra family, its actions reflect concerns over a future loss of status and privilege in a re-shaped political order in which as a recent ISEAS report of 10 February by Michael Montesano commented, the "Lao" people of northern and north-eastern Thailand will play political roles "more closely commensurate with their numbers". As other countries which have been through major societal transformation will attest, such a transition can be turbulent and troublesome and requires wise, patient and collegial leadership.

With Bangkok so distracted, efforts to resolve the long-running and periodically bloody insurgency in southern Thailand which is preventing that region from realising its full potential have once again been put back on the shelf.

IMPLICATIONS FOR NEW ZEALAND

Thailand has a close, longstanding and increasingly broad-based relationship with New Zealand. MFAT's website notes that New Zealand is ambitious about advancing new areas of collaboration. Thailand is our tenth largest trading partner although trade currently is heavily in Thailand's favour. A

Closer Economic Partnership Agreement (CEP) entered into force in 2005 and was reviewed late in 2011, with officials tasked to look at ways of improving the Agreement. It is difficult to see any headway being made in Thailand's prevailing political circumstances. Moreover, Thailand's state planning board has already slashed its 2014 growth forecast for the economy in the likely absence possibly for some months of a fully functioning government.

Education is an important and rapidly growing element in the relationship. Thailand is our largest South-east Asian source of fee-paying students, and there are now strong links between a number of our Universities and their Thai counterparts. These are developments that New Zealand is keen to encourage, objectives rather more difficult to achieve in a period of such uncertainty. There are also longstanding defence and police links although the former would undoubtedly again be cut if a further military coup occurred.

There are close people-to-people links given the active Thai community in New Zealand and the many New Zealanders who regularly holiday in Thailand. Some may have second thoughts about doing so given the political turmoil. Tourism arrivals for January from all sources are understood to be well down on last year.

New Zealand and Thailand have long enjoyed a close working relationship in regional forums. But with Thailand distracted yet again by domestic political developments that aspect of the relationship is more difficult to foster. Thailand's current travails must also be of concern to its ASEAN counterparts as that regional grouping looks towards its goal of achieving its Community building agenda.

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