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Challenge and Change in East Asia

“BUSINESS POPULISM” IN THAILAND

Pasuk Phongpaichit and Chris Baker

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On 6 February 2005, Thaksin Shinawatra won a resounding reelection victory and thus became the first elected head of government in Thai history to see his administration complete a full, four-year term. His party, dubbed Thai Rak Thai (or TRT, which stands for “Thais Love Thais”), won 376 out of 500 seats (up from 321 before the election) in the House of Representatives. This put Thaksin, who is one of the country’s richest men as well as its highest elected official, at the head of the first one-party government in Thailand’s history. The Democrat Party, TRT’s main competitor, dropped from 128 to just 97 seats.¹

The results represented a journey from strength to strength for the TRT and Thaksin. He had first become Thailand’s prime minister in 2001, after notching the biggest election win to date in this Southeast Asian land of 64 million people.² His 2005 win came despite years of foes calling him a “dictator,” a “fascist,” and a “man of violence.” His government has received regular criticism for human rights abuses, while international media NGOs have warned of a decline in media freedom in a country that was once said to have had the freest and liveliest press in all of East and Southeast Asia. Thaksin himself has said that “democracy is just a tool, not our goal.”³ At the same time, Thaksin and his government have remained immensely popular. Opinion polls have shown approval levels of around 70 to 80 percent for the government’s major policies, and 50 to 70 percent for the leadership exercised by Thaksin, who once suggested that his government would rule for 25 years, then voluntarily withdraw out of sympathy for the opposition.

To understand Thai politics in the age of Thaksin, it is crucial to grasp that his government at its core represents a coalition of big-busi-

ness interests that has adopted a kind of “populism on demand” (meaning that Thaksin has responded to a popular demand for certain kinds of policies). This type of phenomenon is new to Thai politics. In a model seen widely in Latin America over the last decade and a half, this populism includes a raft of redistributive schemes, loud public antagonism toward everything said to be associated with “old politics,” and the de facto diminution of the scope of the democratic process, to say nothing of such liberal staples as the rule of law.

To complete the picture, one needs to chart Thaksin’s rise against the background of Thailand’s democratic development over the last generation or so. In most recent accounts of Thai politics, the years after 1973 appear as a period when parliamentary democracy gradually replaced military dictatorship. A pair of key changes underpinned this trend. One was the Cold War’s end, which left the military regime bereft of both legitimacy and U.S. sponsorship. The other was Thailand’s rapid economic transformation and the social changes that this entailed. Growing numbers of students, drawn from a wider-than-ever range of social and geographical backgrounds, supplied cadres of activists. A wealthier, more ambitious, and more culturally confident business elite saw parliamentary rule as a way to cut down on the generals’ informal taxing of business profits and to gain more say in the making of economic policy. A much enlarged middle class, though mostly inert when it came to politics, could be mobilized at critical times to support democratic values, which matched middle-class Thais’ image of themselves as belonging thoroughly to the modern world. The student-business-bourgeois coalition gradually pushed the military back to the barracks and installed a parliamentary regime.⁴

A Limping Transition

This picture of advancing democracy needs three major qualifications. First, students and middle-class or business interests were not the only shapers of the transition. An informal “establishment” network stretching across the senior ranks of the civil service, the business world, academia, and the military (the army’s vision of itself as the supervisor of national political development died hard) hoped to guide politics in the belief that Thailand’s still mostly rural and often scantily educated people were not quite ready for democracy. This network helped to spin a “national ideology” expressed in school-textbook revisions, campaigns by the National Identity Board and Culture Commission, promotion of the monarchy as a focus of national unity, and programs of “democracy education” that stressed citizens’ duties far more heavily than their rights.⁵

Second, the move toward popular rule conspicuously lacked a popular element. Never having had an anticolonial movement (there were no

actual colonial masters against whom to rebel) or a revolution or other social upsurge against the old order, Thailand has had little or no history of mass political mobilization. Even after the Cold War's close, the military and security forces stuck to their habits, stretching back at least to the Vietnam-era days when Thailand hosted major U.S. military bases, of actively suppressing all forms of popular organization, running rural vigilante networks, breaking up unions, threatening to assassinate (or actually assassinating) potential new local leaders, and using television and radio as channels for a propaganda deluge. Activities of this sort waned in the 1990s, but a crippling residue remained. Local elites formed in the school of repression kept on routinely trying to crush activists and popular leaders, often with violence.

Third, provincial business elites began to dominate the parliamentary system and use money to control the franchise—through straight vote-buying as well as promises of patronage designed to lock in local support. Local cliques, cobbled together to win elections, became the basic drivers of formal politics. Members of parliament clustered into factions that bid for ministerial and other key posts or tokens of advantage. Governments were shaky coalitions of parties which themselves were fluid groupings with little in the way of distinctive ideological or policy preferences to distinguish one from another. The glue that held the system together was money. Parliament acted more like a business club where deals were cut than a modern legislature for the representation and aggregation of various movements, interests, and social groups. The name that Thais gave to all this was “money politics.”

Over the course of the 1990s, a loose and varied coalition pressed for political reform. The movement began in the wake of another clash between military coup-makers and democratic activists in 1991–92. Veterans of the 1970s student movement provided an organizational vanguard. Big business lent support in the belief that a stabler polity would help the bottom line, especially given Thailand's increasingly globalized economy. Repelled by the excesses of money politics, the establishment joined in. The urban middle class finally came on board after the economy collapsed amid the 1997 East Asian financial turmoil.

This movement resulted in an ambitious new constitution in 1997, and other related reforms in local government, education, health care, economic policy, and even security policy. The reforms had three main strands.

First, the constitution overhauled parliament for the sake of steadier, higher-quality governance. The prime minister received stronger powers; electoral rules were tweaked to promote two-party politics; a hundred “party-list” seats were added to reinforce the center against the provinces; and several new bodies were created or strengthened to act as checks and balances on the use and abuse of power by ministers and MPs.

The second strand of reform comprised several measures meant to break down the overcentralized, overweening state machinery that years of military dictatorship had bequeathed the country. The reform measures included steps to decentralize the government, an elaborate constitutional guarantee of rights, a recognition of local communities' rights to more control over the disposition of local resources, changes in judicial practice, and the freeing of electronic media from state and military control. The 1997 constitution itself incorporated many of these measures.

Third, the direction of economic policy shifted. From 1986 to 1996, an export-led boom had made Thailand significantly richer. For a time it boasted some of the highest economic-growth rates in the world. Reformers wanted to modify the emphasis to promote not only growth but also a wider and wiser distribution of its benefits to foster such goods as schooling and health care, environmental protection, and citizen participation in the making of important collective decisions. Many provisions related to reformist aims were written into the five-year national-development plan that the central government produced in 1997 (it was Thailand's eighth such plan).

For all their mentions of participation, the reforms remained redolent of the old establishment's style of political engineering. Strikingly, the 1997 constitution required every candidate for parliament to have a tertiary degree, thereby disqualifying 99 percent of the agrarian population from holding national legislative office.

Big Business Enters Politics

Thaksin Shinawatra was born into a successful Thai-Chinese business family in the northern city of Chiang Mai in 1949. He joined the Royal Thai Police and received a doctorate in criminology from Sam Houston State University in Texas on police scholarships. He subsequently made his fortune in around five years from a string of government-granted, oligopolistic telecommunications concessions—especially a highly preferential license for Thailand's first mobile-phone network—and deft use of a soaring stock market. By the mid-1990s, his net worth was an estimated US\$2 billion.⁶

Thaksin first entered politics in connection with the acquisition and protection of these politically allocated concessions. He served three brief and undistinguished stints as a cabinet minister in the mid-1990s before launching TRT in 1998. Early on, he gave no sign of the populism that has since become such a big part of his appeal, presenting himself instead as a successful businessman with modern ideas. In speeches and writings before 1999, he described his political mission as restoring economic growth after the 1997 crisis, making Thailand into a more modern country, and cleaning up “dirty politics.”⁷

The TRT majority that the 2001 election sent to parliament contained scions of several of the biggest business families that had survived the crisis. This was a shift. In earlier decades, families such as these had

The TRT's attitude toward governance reflected the party's business orientation. In one 1997 speech Thaksin said: "A company is a country. A country is a company. They are the same."

stayed behind the scenes, using money and connections to make their weight felt in politics. Their full entry into public life spelt a change in the political culture. The principal means was the "party-list" electoral system that came in as part of the 1997 constitution. Under this system, candidates do not face the voters of any particular territorial constituency.⁸ This new enthusiasm for public office on the part of big businesspeople came from the shock of the East Asian crisis. Before 1997, globalization had seemed unproblematic. Afterwards, it seemed to threaten swift bankruptcy through wild financial-market swings, unwelcome foreign buyouts, and painful

reforms mandated by the International Monetary Fund (IMF). Business elites entered politics in part to supplant the old officials whose fumbling had worsened the crisis, and in part to take state power directly in hand as a shield against future buffetings by global economic forces.

Behind these immediate motives stood another. Fearing a crimp on growth and the bottom line, Thailand's big-business interests—Thaksin and his supporters included—disliked the higher priority given to social goals, environmental protection, decentralization, community rights, and participation under the 1990s reforms.

The TRT's attitude toward governance reflected the party's business orientation. Somkid Jatusripitak, a key Thaksin lieutenant, worked with Philip Kotler and Michael Porter, who advocated the application of corporate principles and business-school economics to the national economy. Somkid collaborated with Kotler on *The Marketing of Nations*,⁹ and compiled his own Thai-language articles into a book titled *Thailand Inc.* Thaksin adopted his aide's rhetoric. In one 1997 speech Thaksin said: "A company is a country. A country is a company. They are the same. The management is the same."¹⁰ The TRT's initial election campaign also reflected its business orientation. In late 1998 and early 1999, the party proposed to restore economic growth in the wake of the crisis by stimulating entrepreneurship, especially among small and medium-sized enterprises.

Between 1998 and 2001, Thai political culture got a new twist as the business-based TRT embraced full-tilt populism. Previously, parties had not sought votes with elaborate promises, and governments did little for the sake of welfare or redistribution. Until 1999, "the people" did

not figure at all in Thaksin's rhetoric or the party's platform. Over the next few years, they gradually became the dominant theme as Thaksin learned of populism's vast appeal. In other words, Thaksin was responding to social forces and social demand.

From 1998 to 2000, Thaksin trawled widely to seek support for TRT. He contacted many of those who had taken part in the 1990s reform movement, and signed up several prominent former student activists from the 1970s. With their help he put together a platform designed to attract the rural dwellers who, even as of 2000, accounted for about three-fifths of all Thais. Heavily advertised planks included calls for cheap health care, a moratorium on rural debt, and a development fund worth about US\$25,000 for every village.

The January 2001 general election saw a major and surprising shift. Many local political bosses who had not teamed up with TRT lost, while nearly all their counterparts who joined TRT won, as did many TRT newcomers. Although the old local cliques and networks remained important, there seems to have been more voting than ever before on the basis of party preference, and specifically for TRT. Whether voters were attracted by Thaksin as a leader or by his campaign promises is hard to gauge, but popular appeal had become a new element in Thai electoral politics.

On becoming prime minister, Thaksin faced a court case for misreporting his assets as a minister in the mid-1990s. Conviction would have meant a five-year ban from politics. Thaksin fought the case in court (and by lobbying the judges), but also by building popular support. He implemented major parts of the TRT program with lightning speed, started his own radio talk show, and generally used the media to create a towering public presence. He portrayed the charges against him as the work of a handful of enemies and their allies in the old bureaucratic culture aiming to unseat a modern politician whom 11 million Thais had elected, and who was dedicated to working for them. After narrowly acquitting Thaksin, some of the judges admitted that they had done so on the grounds that removing such a popular figure would risk disorder.

If the charges had indeed been an attempt to topple Thaksin, they had backfired badly. Once he began portraying himself as a man of the people under threat from dinosaurs, his approval rating soared to 70 percent.¹¹ Polls also showed that his platform was highly popular, especially the plank calling for cheap health care. Over the rest of its term, the Thaksin government generated schemes for providing cheap housing, life insurance, televisions, computers, microcredit loans, scholarships for poor students, and special credits for taxicab owners, among other things.

In its 2005 campaign, TRT adopted the slogan: "Our heart is the people." Its program far outstripped even the 2001 platform, promis-

ing high economic growth, a rising stock market, an end to poverty, another development fund for every village, higher government salaries, more cheap public housing, a massive expansion of the capital's public transport with low fares, fitness and day-care centers, care for the elderly, a national water grid to expand irrigation, educational gift packages for every newborn baby, lower school fees, more scholarships, more sources of microcredit, and lower taxes. As Thaksin grandly predicted:

In the next four years there'll be no hardworking person without a home. There'll be no farmer who does not own land. . . . There'll be no children without education. There'll be no patients left untreated. There'll be no lonely elderly. There'll be no helpless disabled.¹²

Opposition parties were obliged to draw up rival offerings. TRT had made populist platforms an unavoidable element in the culture of Thailand's electoral politics.

In a key 2001 speech, Thaksin echoed the postideological "antipolitics" rhetoric that has become a staple of populist leaders the world over:

The post-Cold War political parties should no longer compete on the basis of ideology, but on the basis of winning the hearts and minds of the people through their actions. . . . those in the opposition try their utmost to topple the government and assume power themselves. . . . *Such adversary politics may not be for the best interest of the people. On the contrary, it may be a betrayal of our social contract to the people.*¹³

He expressed his desire for *kanmueang ning*, quiet or calm politics, meaning no criticism, debate, or challenge to government policies. He openly admired Singapore's parliament, wherein a tiny opposition faction legitimated the democratic system without impeding the government at all. He denigrated the rule of law as an aspect of the old bureaucratic culture that got in the way of achieving results "for the people."¹⁴ Under TRT rule, parliament's significance dwindled. Sessions regularly stopped short for lack of a quorum. Careful appointments neutralized the bodies that the 1997 constitution had set up to check and balance the executive power.

Thaksin partially rehabilitated the military elite to strengthen his position. After their 1991-92 debacle, the generals had been forced to swear off political involvement, and with it much influence and many chances to make money. Their efforts to find a new role had met with limited success. Yet they had resisted internal reform and had clung to many important assets, particularly their control over two television channels and some two hundred radio stations. Thaksin had a strong personal network in the military as a result of kin connections and his own police career (candidates to become police and military cadets pass through the same preparatory school). He made his cousin army

chief, promoted other personal contacts to key posts, and hired 53 redundant generals as advisers. He restored the military's influence over foreign policy, especially concerning neighbors, released the brake on arms spending imposed since 1997, and gave the military new roles, especially in his war on drugs.

Thaksin also took on the aura of the famous old military dictators. In particular, he presented himself as someone who was *detkat* (decisive), and not overly given to the debate or delay of democratic parliamentarism. Thais could easily see the parallel with Field Marshal Sarit Thanarat, who ruled as prime minister from 1957 to 1963.

The government's most controversial policy was a "war on drugs" launched in early 2003. Beginning in the mid-1990s, methamphetamine use had soared. Educational campaigns and efforts to block import routes had not stemmed the rise. In 2003, Thaksin gave provincial police and officials targets for arrests and seizures, with cash rewards for meeting the targets, and threats to their careers for failure. Thaksin's speech launching the campaign was a thinly veiled call to violence: "The drug sellers have been ruthless with the Thai people, with our children, so if we are ruthless with them it is not a big deal. . . . If some drug traders die, it will be a common thing."¹⁵ He quoted a slogan—"There is nothing under the sun that the Thai police cannot do"—coined by Phao Siyanon, a military-era police chief notorious for orchestrating the deaths of political enemies. In three months, 2,500 alleged drug dealers died. Most of them seem to have been petty users or low-level sellers. The government claimed that all but a few had perished at the hands of rival criminals. There were no official investigations. Local and international human rights bodies entered complaints, but 70 to 80 percent of poll respondents backed the campaign.

Shrinking the Public Sphere

In order to break with the "old politics" and to suppress critics, Thaksin's government has set out to restrict the public sphere. Four television channels and all radio stations are still owned by the government or the military. Thaksin has instructed them to broadcast "positive" news only. Two companies that had pioneered public-affairs programs fostering debate lost access to the airwaves. Reporters and producers found themselves dismissed or reassigned. Thaksin's family company bought Thailand's only commercially owned television channel, ITV, in 2000. A dozen staffers who objected to the slant of the channel's election coverage in early 2001 were summarily sacked. On all channels, the time allocated to news and current-affairs programming shrank significantly, and the remaining time was used to broadcast the government line. Even dramatic series adopted themes with a progovernment, even propagandistic, edge.

Thailand has vigorous and for the most part privately owned print-

media outlets. The press is proud of its record of questioning military dictatorship. But with so many owners feeling vulnerable after the financial near-death experience of 1997, Thaksin's government found that it could use advertising expenditures by government- and TRT-associated companies as effective "carrots" to foster press pliability. Papers that refused to go along found their revenues cut off. The official agency that polices money laundering even investigated several members of the defiant *Nation* press group. Opinion pollsters who published findings unfavorable to the government suffered threats or harassment. Opposition politicians were treated to ridicule. "Talking about the Opposition," Thaksin noted, "I can only laugh."¹⁶ The Democrat Party was consistently blamed for the hardships that Thailand suffered during the Democrats' management of the crisis. Public intellectuals who spoke critically were called ignorant, outdated in their knowledge, and self-important. In a typical riposte, Thaksin said that "Thai leaders and academics like to talk problems, not solutions," and that "a lot of people feel like heroes when having a go at someone with their outdated opinions."¹⁷

The government also targeted critical NGOs and their leaders with petty bureaucratic harassment or even criminal investigations. Thaksin argued publicly that NGOs were unnecessary: Did not his government already serve the people effectively? He alleged that NGOs indulged in criticism or demonstrations only in order to court foreign funding. Public demonstrations were treated harshly. The government sought various ways to strengthen laws for preventing and suppressing public protests.

Whether the critics in question were parliamentary opponents, independent media organizations, civil society groups, or just protestors, Thaksin's government condemned them all for obstructing the government's work and blocking the march of progress. Since the government was working for the good of the people and nation, any such activity would have to be the work of factions or vested interests, and prejudicial to the nation. Thaksin assured people,

As long as I am prime minister, the interests of the nation are paramount. The people have no need to worry. Sometimes I get attacked. This happens because either: one, they just have to attack me; two, they don't know what is going on; or three, they have good intentions toward the country but lack full information.¹⁸

During and shortly after the 2001 campaign, Thaksin had criticized the IMF, promised to help local businessmen, and spoken of an economic policy built on "looking inwards."¹⁹ Foreign observers began to worry that he would roll back the neoliberal reforms imposed during the 1997 crisis and restrict foreign business in the name of economic nationalism.

This was not the case. Despite pressure from supporters, Thaksin's government accepted all the existing IMF reforms and even launched a privatization program more ambitious than anything that the IMF had

outlined. Proposals to restrict large foreign retail concerns that had gained a foothold in Thai markets during the crisis were dropped “simply because we don’t want to send a wrong signal to the foreign community.”²⁰ Thaksin insisted that he was an international businessman himself, and firmly committed to free markets. Beginning in late 2001, his government aggressively sought more foreign investment. Thaksin retained some nationalist credentials by repaying the IMF’s crisis loan early and dubbing the occasion “Independence Day,” but this was purely symbolic.

Thaksin did a similar two-step in key areas of foreign relations. After 9/11, no doubt with an eye on the Muslim minority long concentrated in southern Thailand, he kept a certain public distance from the U.S.-led war on terrorism while quietly lending assistance in keeping with Thailand’s treaty obligations. An official visit to Washington in mid-2003 produced a U.S. designation of Thailand as a “major non-NATO ally,” as well as favorable references to Thaksin’s campaign against drugs—a significant legitimization given that the UN and the U.S. State Department had raised human rights concerns related to the antidrug campaign. Shortly thereafter, Thaksin committed 440 Thai troops to humanitarian missions in Iraq and signed Thailand on to a new U.S.-orchestrated security grouping designed to combat violent Islamism in Southeast Asia.

The Political Economy of Business Populism

The TRT government is at base a coalition of some of Thailand’s major business groups. They have entered politics in order to use state machinery to protect domestic capitalism in the face of global forces, and to block internal pressures to reorient the state toward alternative agendas.

This domestic capital group readily accommodates multinational capital by dividing spheres of interest with it. Over the past forty years, Thailand’s economy has become highly integrated with the outside world. Multinational concerns dominate the production of manufactured exports, which are the main engine of GDP growth. At the same time, domestic-oriented service industries such as real estate, media, entertainment, some construction, and telecommunications remain the preserve of domestic capital, operating free from foreign competition behind legal or cultural barriers. The TRT coterie is heavy with firms that make their money in these areas. Thaksin’s government has a two-pronged strategy, actively promoting foreign investment in export manufacturing while protecting domestic capital in its traditional bailiwick. Free Trade Areas suit this policy well because the government can negotiate the details of each trading relationship to conform to this double approach.

The populist stance that the TRT has found so successful is far from unique. Indeed, it copies many features seen in Latin America since the late 1980s, including direct appeals to “the people,” redistributive schemes, personalistic styles of leadership, a certain contempt for liberal

concerns about human rights and the rule of law, and public rejection of old political styles and personalities. Students of Latin America have interpreted this “neopopulism” as appealing to the “disorganized” population of small peasants and urban informal-sector workers, in contrast to earlier Latin American populism, which was based more on “organized” groups connected to trade unions, social movements, or party machines.²¹

While Thailand lacks a populist tradition upon which a leader can play variations, the political economy that underlies both Latin neopopulism and Thaksin’s brand is the same in crucial respects. The formal, export-oriented industries that led Thailand’s growth boom are relatively capital-intensive and have never required many workers. Unionization rates in these industries, while never high, have dipped even lower in the era of globalization. About three-quarters of all Thai households are outside the manufactured-exports sector and make a living either as peasant cultivators or by working in the informal economy of the cities.

The ascent of “the people” to an unprecedented level of visibility in Thai politics was a product not only of Thaksin’s strategy, but also of material factors. During the 1990s, a “youth bulge” in the country’s demography, drooping agricultural employment, and the growth of economically vibrant cities together fueled a massive shift—involving about one in every five Thais—from village to city life. The social dislocations attendant upon this change were predictably serious. With the Cold War’s end, restrictions on mass mobilization loosened at the same time, giving leeway for greater political assertiveness. The 1997 crisis, which hit small peasants and the informal sector the hardest, also moved these classes to look to the state for means of relief.²²

Like its Latin American counterpart, Thai populism includes both demands for redistributionist economic and social policies and a political style that aggressively rejects ideology, old political leadership, and the liberal emphasis on human rights, the rule of law, and democratic participation mediated through deliberative institutions. Thaksin was able to draw both on the power of the military and on the leadership model of Thailand’s military dictators from the Cold War era. He presented himself as the big patron who could get things done where laws, debate, the constitution, and the democratic process could not. In 2004, he dramatized his personalistic leadership style by placing outside Government House a special box to receive citizens’ petitions, thereby evoking the story of an ancient Thai king who had ordered a bell hung outside his palace for similar ends.

Cracks in the Monolith?

At the end of 2003, Thaksin seemed unassailably strong, and predicted a long future of dominance for his party. Over the next few months,

however, inklings of the potential weaknesses in his brand of politics would come to light. While none has affected his current popularity, they do suggest vulnerabilities that may some day become far more salient than they now appear to be.

First, the monopolization of business benefits by a small coterie threatens to create an opposition coalition of the excluded. In late 2003, Thaksin's family business, the Shin Corporation, launched several new ventures with significant help from state bodies. Government favors also benefited several other TRT-connected firms and business families at about the same time. Opponents warned against the monopolization of opportunity and the misuse of public agencies. In early 2004 came an epidemic of avian flu. Thaksin's government tried to hide the problem (even lying to EU investigators) while large-scale poultry producers, known to be close supporters of the government, reaped windfall profits as the spread of the epidemic to neighboring countries tightened supplies and drove up prices. Once these events became known, business opposition to the government became more pronounced, though fear of reprisals still muted much of it.

Second, the return of the military to a political role roused old fears of military power. In early 2004, disorders broke out in the Muslim-majority southern provinces. Restiveness in this area goes back centuries, but in recent decades had seemed more manageable. Many causes lie behind the new troubles, including global trends in Islamic politics and local gang rivalries over cross-border smuggling, but the military's greater assertiveness in the area—and readiness to use force fairly bluntly—seems to have made a major contribution. During 2003, the war on drugs had cost more than three hundred lives in the region. Three local Thai Muslim leaders were arrested to coincide with Thaksin's visit to Washington but were never charged with crimes and may have been tortured. Several other people disappeared, probably abducted in a pattern recalling tactics used against suspected insurgents during the Cold War. Perhaps in response, local Muslims resumed an old tactic of attacking government property (schools, police boxes, railway stations), and then began murderous assaults on officials and some civilians. Popular opinion in the nation at large lauded Thaksin for defending Thailand against its foes. But renewed military violence, especially two major incidents in 2004,²³ recalled the military's history of using force against democratic protestors, and served as a focus for the revival of civil society organization, debate, and media criticism.

The third factor hinting at limits to Thaksin's strategic populism was the economy. As growth began to falter in early 2004, the stock market also wallowed in a trough due to the avian-flu outbreak and the southern troubles, among other things. The TRT had been riding a wave of popularity since 2001, thanks in no small part to the Thai economy's swift recovery after the crisis years of the late 1990s. Over the course of

2004, the factors fueling this economic rebound—ample liquidity (both locally and worldwide), low interest rates, and export-led growth strong enough to maintain a positive trade balance—dried up. Tighter money began driving up interest rates. Rising oil prices complicated management of the trade accounts. The spotty performance of the U.S. economy dulled growth on a world scale. Financial markets grew ever more worried about how the TRT government would fund its ambitious plans.

Although it remained a minority phenomenon struggling within the restricted public space open to dissent, the opposition to Thaksin—especially among middle-class city dwellers—grew throughout 2004.

While the 2001 arrival of big business on the political frontlines may have been a response to an immediate crisis, it has long-term significance. The United States nurtured Thai capitalism during the Cold War via policies of “development” and anticommunism. In the post-Cold War world of the early twenty-first century—the age of neoliberal austerity programs and aggressive globalization—Thai business now feels more alone and more worried than it has in some time. Its leaders can still work out terms of *de facto* coexistence with multinational capital on the basis of separate spheres of commercial interest, and they continue to see the United States as the best ally and patron available. Their own government they value chiefly as a shield against external economic or financial threats and as a weapon against internal rivals for control over the public agenda.

The TRT has adopted a populist stance in response to social demand. The externally oriented development approach launched in the era of U.S. sponsorship (and continued with Japanese investment) has resulted in a highly incomplete and concentrated form of industrialization. Capital investment is more intense than broad (a lot of capital is sunk into relatively few parts of the economy). The number of Thais employed in the modern, organized economic sectors is small. Most people are still peasants struggling in a declining agricultural sector, or recent migrants from the country to the city who make a living outside the formal economy. These insecure and poorly institutionalized groups form a political constituency for policies of economic redistribution and social welfare.

The generation-long period of democratic development that culminated in the 1990s created some impressive formal achievements, but its top-down, heavily engineered character has proven a drawback. With little popular involvement or sense of commitment behind it, the democratic array of rights, processes, and legal limits has a shaky standing in the Thai polity. Thaksin’s “new politics” works by distancing itself from old politicians, launching redistributive policies that appeal to those “left out” by earlier governments, aggressively rejecting the democratic bundle of rights, and even reviving elements salvaged from the age of military dictatorship. This antidemocratic stance and shrinking

of the public sphere align with the wish of big business to use state power to pursue growth and profits free of the complications of opposition or criticism. Thailand's major ally, the United States, says or does little to object to any of this.

In Latin America, similar regimes have turned out to lack stability, with life spans running somewhere from two to five years (Alberto Fujimori, who ran Peru for about a decade, is the important exception to this rule). Economic fluctuations or scandals related to flagrant rent-seeking by the regime and its cronies are often enough to bring such systems crashing down. In a similar way, the TRT may now be riding high, but its purchase on power may be more vulnerable to economic vicissitudes, tensions within the Thai business world, or the impulses of a wayward military than now seems apparent on the surface. But Thailand's new business populism is also the product of factors—an externally dominated economy, embattled local capitalism, and a large informal sector—that may lead to the TRT's replacement by a more genuinely populist government that may have even less patience with or use for democracy than Thaksin Shinawatra does. The best hope for preventing such an outcome may be a combination of internal social movements and external support that can restore the attraction of democratic values in the eyes of Thailand's voters.

NOTES

1. These are preliminary results, and are likely to change slightly as the Election Commission finds irregularities and orders new polls in some constituencies.

2. Duncan McCargo, "Democracy Under Stress in Thaksin's Thailand," *Journal of Democracy* 13 (October 2002): 112–26.

3. *Nation* (Bangkok), 11 December 2003.

4. See, for example, Kevin Hewison, ed., *Political Change in Thailand: Democracy and Participation* (London: Routledge, 1997); and Pasuk Phongpaichit and Chris Baker, *Thailand: Economy and Politics*, 2nd ed. (Kuala Lumpur: Oxford University Press, 2002).

5. Michael K. Connors, *Democracy and National Identity in Thailand* (New York: Routledge, 2003).

6. Pasuk Phongpaichit and Chris Baker, *Thaksin: The Business of Politics in Thailand* (Chiang Mai: Silkworm, 2004), chs. 2 and 3.

7. Walaya, *Thaksin Chinnawat: ta du dao thao tit din* (Thaksin Shinawatra: Eyes on the stars, feet on the ground) (Bangkok: Matichon, 1999), the last two chapters.

8. In addition to four hundred single-member territorial constituencies, one hundred seats are filled by party according to national vote totals, with seats assigned proportionately to all parties that gain at least 5 percent of all votes cast.

9. Philip Kotler, Somkid Jatusripitak, and Suvit Maesincee, *The Marketing of Nations: A Strategic Approach to Building National Wealth* (Chicago: Free Press, 1997).

10. Chumphon Phatraphon, *Thaksin ruai thaorai nae!* (How rich is Thaksin really!) (Bangkok: Thawatchai Pitchphon, 2002): 105.

11. *Nation*, 7 January 2002.

12. *Bangkok Post*, 7 November 2004.

13. Thaksin Shinawatra, "Keynote Speech" at the 2nd International Conference of Asian Political Parties, Bangkok, 23 November 2002. Available at www.thaigov.go.th/index-eng.htm. Emphasis in original.

14. "Because one weakness of the nation is a tendency to prioritize law as a way to solve problems, management principles should be used instead and law treated as only one supporting element." Quoted in Walaya, *Thaksin Chinnawat*, 231.

15. The speech is translated in Pasuk Phongpaichit and Chris Baker, *Thaksin*, 253–67.

16. *Nation*, 27 September 2001.

17. *Nation*, 4 December 2002.

18. *Nayok Thaksin kui kap prachachon lem 2* (Prime Minister Thaksin speaks with the people, vol. 2) (Bangkok: Public Relations Department, n.d.), 98.

19. Thaksin Shinawatra, "Inaugural Address," at 57th session of ESCAP, Bangkok, 23 April 2001.

20. *Nation*, 17, 18, and 20 November 2002.

21. See, for example, Kenneth M. Roberts, "Neoliberalism and the Transformation of Populism in Latin America: The Peruvian Case," *World Politics* 48 (October 1995): 82–116; Kurt Weyland, "Neopopulism and Neoliberalism in Latin America: Unexpected Affinities," *Studies in Comparative International Development* 31 (Fall 1996): 3–31.

22. Pasuk Phongpaichit and Chris Baker, *Thailand's Crisis* (Chiang Mai: Silk-worm, 2000).

23. On 28 April 2004, 106 died, many killed by army and police gunfire in the precincts of the historic Krue Se mosque near Pattani. On 25 October 2004 at Tak Bai, six demonstrators were shot and another 79 died, mostly from suffocation, while being moved in military trucks.