

Breathing space for Thailand?
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By Our Correspondent

Fatigue, rather than contentment, aids Yingluck

For the first time perhaps since 2006 when former Prime Minister Thaksin Shinawatra was overthrown and ousted in a royalist coup, Thailand seems to have some breathing space. That isn't to say there aren't tensions, with continued demonstrations calling for constitutional change and modification of the country's draconian lèse-majesté laws.

But Yingluck Shinawatra, appointed prime minister last July, has been aided by the fact that many of Thailand's 67 million people have been traumatized by a long bout of political upheaval that began with the 2006 coup and extended clear through to the July 2011 national elections. That was followed by concerns over avian influenza and by the massive floods that put central Thailand under two meters of water for months before it finally drained away, leaving stinking mud and widespread damage.

Although the political situation remains delicate, with the military probably set to block any attempts to amend the constitution, the mood in the country is that it needs some time to let things settle down. According to the latest polls, she leads Opposition Leader Abhisit Vejjajiva by 20 points, aided by cabinet approval of criteria for compensation of the victims of political violence at gatherings between 2005 and 2010, although details remain vague.

It has been a long slog. Even before the floods, Thailand was hit by a series of natural disasters, the first of which occurred nearly 5,000 km away in Fukushima, Japan, where the earthquake and tsunami probably affected Thailand more than any other economy in Asia. Supply chain disruptions cut into the extensive auto and electronics presence that Japanese companies maintain in Thailand. There was at first hope that Japanese companies would seek to move their domestic operations closer to the assembly operations in a bid to ensure against other natural disasters and what could be the permanent shutdown of nuclear power in Japan.

However, just when gross domestic product growth had begun to recover, the torrential rains that began in July with the landfall of Tropical Storm Nock-ten spread across northern, northeastern and central Thailand, inundating vast areas of the country, particularly the extensive foreign-owned assembly operations north of Bangkok on the Ayutthaya plain. The flooding put an estimated million people out of work, persisting until mid-January 2012.

Although the government appears to be working hard at cleanup and delivering relief to those flooded out, some in the so-called Isaan region are still complaining that they lack relief.

Worse, although the Japanese factories have mostly rebuilt in place, there has been a loss of foreign direct investment to other countries including Malaysia and Cambodia. It is still too early to quantify the loss. Preliminary estimates indicate the total cost from the flooding could amount to as much as 12 percent of GDP including both the physical damage to businesses, and lost business such as exports from the assembly plants.

Thailand's GDP is estimated to have actually shrunk by as much as 5 percent in the fourth quarter of 2011, the worst economic calamity since the Asian Financial Crisis of 1997-1998.

Although some of the worst-hit factories in Ayutthaya still aren't running at full capacity they all expect to be back up to speed by the second quarter.

If history is any guide, Thailand can probably expect a V-shaped recovery, driven by a jump in government spending as a result of infrastructure repair, increased support for households in the form of soft loans, subsidies and other measures. Off-budget spending is expected to amount to as much as Bt900 billion (US\$29.6 billion) for cleanup and infrastructure repair.

The Bank of Thailand has already cut its policy lending rate and further easing could take place to stimulate lending. The economy appears to be back on a sound track, stimulated by reconstruction spending.

There is considerable pressure on the government to come up with a workable water-management plan, but as usual with Thailand, announcements of plans to initiate major construction projects tend to go out the window when the crisis is over. Accordingly some of the bigger companies that were caught in the disaster aren't waiting and have installed or improved their own flood-control systems.

Despite the fact that most Thais prefer to go along to get along and just want to return to some sort of normalcy, there is a considerable vocal minority that remains at odds. The strength of the vote for Pheu Thai in the July 2011 national election, which delivered an outright majority, a rarity in Thai politics, the royalist People's Alliance for Democracy have remained largely quiescent, partly because the faction's firebrand leader and mortal enemy of Thaksin, Sondhi Limthongkul, has been neutralized.

Sondhi, one of the country's biggest publishing magnates, was sentenced on Feb. 29 to 20 years in prison for fraud. He is currently free on Bt3 million (US\$97,500) bail. His status is uncertain although most people question whether he will do jail time. The fact that he was convicted on 12-year-old allegations makes it questionable whether it was a commercial crime, or if Thaksin pulled strings. Some observers believe the conviction and subsequent bail is a message for him to tone down his stridency.

Modification of Thailand's draconian lèse-majesté law, considered among the most restrictive in the world, and the threat of constitutional change, keep the pot boiling. While lèse-majesté reform is probably not on the cards despite the onerous nature of the measure, constitutional change has the potential to foment a confrontation between the civilian government and the military.

Following the 2006 coup, the government, at the behest of the army, nullified the 1997 constitution that had been drafted by a popularly elected Constitutional Drafting Assembly. The 1997 document was widely hailed as a landmark in democratic reform, creating a directly elected bicameral legislature and explicitly acknowledging human rights.

With the return of popular government in the 2011 elections, pressures now have arisen to get rid of the 2006 document, which not only gave the coup planners amnesty but curtailed a wide range of civil freedoms. Those pressures have been met with obdurate refusal to negotiate by Prayuth Chan-Ocha, who helped to lead the 2006 coup and who is now in charge of the military.

Against this backdrop, the legislature, dominated by Pheu Thai, voted 299 to 199 to establish

a constitutional drafting committee that could undo some of the laws put in place by the military. The plan submitted to Parliament calls for the creation of a constitution-drafting assembly of 99 people that would have 180 days to rewrite the charter before submitting it to a national referendum.

Thailand's military is said to be increasingly alarmed that a constitutional convention would reduce the military's role and could increase the influence of loyalists to Thaksin – as well as possibly creating the means to allow him to come back from his perch in Dubai, where he has remained to avoid the jail sentence for corruption that faces him.

As to *lèse-majesté*, a stunning catalogue of threats has been launched by the royalists and General Prayuth against a group of law professors from Thammasat University, calling themselves Nitirat or “law for the people.” The Nitirat proposed to amend the anachronistic *lèse-majesté* law, only to be accused of attempting to overthrow the monarchy. The campaign against the Nitirat has turned ugly, with royalists demanding that the military abduct Nitirat members or throw them from helicopters.

Prayuth has waged a personal campaign to prevent any changes to the *lèse-majesté* laws, demanding that the Nitirat lawyers leave the country. Despite Pheu Thai's attempts to rein in the military, Prayuth appears to have cemented his position even more – a far cry from calls for him to be charged with murder for ordering the crackdown that resulted in the deaths of 91 people, most of them Red Shirt protesters, in the May 2010 protests in Bangkok.

It remains doubtful that Thaksin will be able to return to Thailand anytime soon without paying the price of serving at least some of his two-year sentence despite the fact that the thuggish Chalerm Yoobamrung, the deputy prime minister, last year was soundly turned back with the threat of street protests. The government has not made the mistake of trying that again.

The issue of succession of the ailing king remains very sensitive. The 84-year-old monarch has been confined to Siriraj Hospital on Bangkok since September 2009 and, although he has emerged periodically, looking pathetically frail, it appears almost certain that he will never leave the hospital permanently.

Crown Prince Vajiralongkorn has nowhere near the prestige and reverence of his father. The skirmishing between palace factions, and fears that the public might simply demand an end to the monarchy's power on Bhumibol's death, are considered to be responsible for the swingeing crackdowns on anybody who dares to even make a joke about the institution.

Last week the Criminal Court found the 69-year-old red-shirt leader Surachai Danwattananusorn, or Sae Dan, guilty of royal insult and sentenced him to 7.5 years in jail for making three rally speeches in Udon Thani, Chiang Mai and Bangkok in 2010. The appellate court also refused to allow bail to another Red Shirt leader, Amphon Tangnoppakul, 62, who was sentenced to 20 years. Unknown numbers of people remain in jail and tens of thousands of websites have been blocked under the government's computer crimes law.

There is plenty to be concerned about. Eventually, the harshness of the *lèse majeste* laws, the military's dominance of the political process and concerns that somehow the government will engineer Thaksin's return could trigger more of the kind of trouble that has characterized far too much of the country's political sphere. The *mai pen rai* (Don't worry, it's okay) attitude

that characterizes the country, to take the easy option and ignore problems, could once again result in lack of will to put flood control infrastructure in place.

But the feeling is that for now, mai pen rai will prevail despite the gradual disintegration of the arrangements that have kept Thai politics relatively stable since the 2011 election. Thailand needs it.

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