

Thai billionaire capitalises on anti-IMF sentiment to win national elections

By Peter Symonds
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If the exit polls and preliminary counts in Thailand's national elections on January 6 are confirmed, the billionaire telecommunications tycoon Thaksin Shinawatra and his Thai Rak Thai (Thais Love Thais) Party will have won an outright majority—the first by any party since the end of military rule in 1991.

According to the latest estimates, Thai Rak Thai, with 50.1 percent of the vote, will take 254 seats in the country's 500-seat parliament. The party won in all areas of the country except the south, where the Democratic Party of current Prime Minister Chuan Leekpai dominated. Significantly, Thaksin won seats in the country's capital of Bangkok where the urban middle class had been regarded as the Democratic Party's constituency.

The size of the win was far greater than predicted by opinion polling, which had given Thaksin around 40 percent of the vote and 200 seats. There are numerous allegations of electoral fraud and vote buying, and in 16 provinces protests and clashes with police have been reported outside some electoral offices. In the southern district of Langu, about 1,000 people clashed with police after setting fire to the home of the election winner and torching several cars.

The Election Commission could take up to a month to finalise the result. Under Thailand's new electoral laws, the commission has sweeping powers to order a revote if it suspects vote buying or fraud has taken place. Around 100 seats are expected to be reviewed. The overall result is not, however, likely to be significantly different. The Democratic Party, which is expected to win just 128 seats, is in no position to try to form a coalition and Chuan has already conceded defeat.

While Thai Rak Thai is likely to have an outright majority, Thaksin is seeking alliances with several

smaller parties so as to command at least 300 seats in parliament and insulate himself against censure motions that require the support of at least 200 legislators to be debated. He has already made overtures to the New Aspiration Party of former prime minister Chavalit Yongchaiyudh that has won about 34 seats and is likely to hold talks with Chart Thai (Thai Nation) that has an estimated 39 seats.

Thaksin certainly used his substantial wealth and influence to win votes. But his victory cannot simply be attributed to electoral fraud or even to the substantial promises that Thai Rak Thai offered voters—a million baht (\$US23,000) to each of Thailand's 77,000 villages and a payments moratorium for indebted farmers. More fundamentally he sought to appeal to the resentment at all levels of society over the impact of the International Monetary Fund's (IMF) economic restructuring policies implemented by Chuan over the last two years.

Having lost the 1996 elections, Chuan came to power in the aftermath of the Asian financial collapse, which erupted first in Thailand in July 1997 with precipitous falls in the baht and the value of Thai shares. Economic uncertainty as well as international pressure undermined the coalition government headed by Chavalit Yongchaiyudh, allowing Chuan to put together his own alliance. Chuan has been singled out for praise in the international press for carrying out the IMF's agenda.

Significant sections of big business backed Thaksin because he has pledged to halt the fire sale of Thai businesses to foreign investors, pump government money into a state asset management company to bail out ailing corporations and debt-ridden banks, and review changes to the bankruptcy laws demanded by the IMF. In the leadup to the election, he held talks with key business figures, including Dhanin

Chearavanont of the Charoen Pokphand conglomerate, Chatri Sophonpanitch of the Bangkok Bank and Banthoon Lamsan of the Thai Farmers' Bank.

In the absence of any political alternative, Thai Rak Thai was able to make a broader appeal by exploiting the dissatisfaction among layers of workers, farmers and the middle class over declining living standards, job losses and rising levels of poverty. A predicted fall in the Thai growth rate, compounded by a possible downturn in the US economy, will further hit jobs particularly in the export sector.

While the response internationally to the election result has been muted, there is considerable nervousness about the new government and its economic policies. Thaksin himself faces possible disqualification from office over charges that he failed to disclose a substantial portion of his wealth while serving as deputy prime minister in 1997. Last month the National Counter Corruption Commission found that he had concealed the assets by placing them in the names of his employees. The Constitutional Court is to rule on the findings over the next month creating the potential for a sharp political crisis.

The US magazine *BusinessWeek* noted: "Indebted Thai companies found much to like about Thaksin's platform. During the campaign, the telecom tycoon had promised to create an asset-management company that would buy bad debt—in effect, granting a debt moratorium to Thailand's biggest business leaders, among them supporters of his political party. The plan, if executed, would wipe the slate clean—and possibly set the stage for resumed bank lending. But it would also hike public-sector debt above its already dangerous level of 70 percent of gross domestic product and put an extra burden on the already beleaguered taxpayer."

An editorial in the Sydney Morning Herald commented: "The Thai stock market is apparently happy, but the international financial community is likely to be very nervous indeed. That includes the International Monetary Fund and nations such as Australia which came to Thailand's aid during the Asian economic crisis. Whether or not Mr Thaksin becomes and remains prime minister, a government committed to his declared policies would mean a pause in, if not a reversal of, the economic reforms that made the outgoing administration of Mr Chuan Leekpai

unpopular at home but respected abroad. Thailand is in for a bumpy ride."

The result also points to broader political processes. In the aftermath of the Asian economic crisis, the IMF and the US intervened aggressively to insist on far reaching economic restructuring in Thailand, Indonesia and South Korea in particular, in return for any bailout. These measures, however, have produced a reaction—both in the ruling elites that saw their assets wiped out, and among masses of people who were flung into unemployment and poverty.

In 1998 Malaysia's Prime Minister Mahathir Mohamad was the first to publicly rail against the IMF and to institute capital and currency controls to protect failing businesses connected to the ruling United National Malays Organisation. Although Thaksin is incapable of meeting the aspirations of working people, his election indicates the extensive character of the resentment throughout the region and the potential for further political unrest.

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