

# Indian Council of World Affairs

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## View Point

### Thailand Government and its Priorities-A Report Card

*Dr. Pankaj Jha\**

It has been two months since Yingluck Shinawatra- sister of former Thai Prime Minister Thaksin Shinawatra- took office managing the domestic and international challenges as a seasoned statesman, showcasing sincerity in approach and determination. Yingluck's nomination as the first female Prime Minister of Thailand witnessed apprehensions raised by domestic elites but the general population hopes that her election would result in prolonged political stability and economic growth. Foreign investors, both private and institutional, who had been anxious during three tumultuous years of political volatility and 'coloured' (Yellow or Red shirts) street protests, are now hoping for stability in Thai markets and better returns on their investments. According to her detractors and political opponents, being the sister of tainted Thaksin, is likely to create problems for her political future. Thaksin was mired in controversies after charges of graft was against him and was fighting a legal battle on account of selling the stakes of the Thai Telecom giant- Shin Corp to Temasek holdings of Singapore in 2006 and allegedly evading taxes through distribution of money and shares to his family members. The US \$ 1.88 billion sell out was seen as treachery and a stigma on Thai pride. Since 2006, Thaksin has been living overseas in various places like Dubai and London to evade arrest. There was scepticism that whether the election of Yingluck would facilitate his return to Thailand or would he continue to call shots from foreign shores. In September 2011, Yingluck government facilitated visa for Thaksin to Japan as Japan does not permit visa to convicted persons but in the media, she adroitly evaded questions about his return to

Thailand and his subsequent prosecution. Now, Thailand government is contemplating to return Thaksin's passport to him. Thaksin has stated that he would retire from politics and not interfere in the working of Thai government. Yingluck made first international official visits to Brunei and Indonesia showcasing primacy of trade and foreign direct investment as her top priorities. Of late, the focus has been more on coordinating development activities and strengthening the investment climate in Thailand.

There are still several challenges for the Yingluck government. Her topmost objective is to mollify the ruling elite in Bangkok, which had earlier connived with Thai military to stage coups to keep Thaksin and his cronies out of power. She would also like to build support of the rural masses in Thailand where Thaksin is respected for his farmer friendly policies and the economic doles, which helped Yingluck during elections. However, the perception of elite and military in Bangkok would be her biggest threat at a time when the only politically unbiased and revered King Bhumibol Adulyadej who at all times diffused political crisis, is grappling with age related health problems.

The border tensions between Thailand and Cambodia is also a foreign policy challenge. Last two years witnessed troop mobilisation and skirmishes between the two nations, on the issue of the sovereignty over the perimeter of ancient Preah Vihear temple. Though, the matter has been referred to the International Court of Justice(ICJ). Earlier ICJ ruling on Preah Vihear temple in 1962 bestowed sovereignty of the temple to Cambodia but had not decided surrounding area of the monument. Lately, the two countries have agreed in principle to reduce troop strength after ICJ request for immediate withdrawal in July 2011 and Yingluck's recent visit to Cambodia in September 2011. Apparently, it was due to active intervention from Thaksin who had been adviser to the Cambodian Prime Minister Hun Sen in the past. The stalemate however continues and any future conflict can potentially erode ASEAN's unity.

Thailand history has seen 18 reviews of the constitution and more than 23 military coups. Yingluck has all the credentials of a good businesswoman and is articulate orator but her ability to demystify the political conundrum of the country is

yet to be seen. Thailand economy is the second largest economy in ASEAN with tourism and exports being the major contributors to the nation's Gross Domestic Product. Tsunami and earthquake in Japan early this year disrupted supply chains thereby affecting Thai exports of automobiles and electronics. Tourist arrivals are also expected to decrease because of financial crisis in Euro Zone and continuing recessionary trends in US. The annual GDP growth is expected to be around 3.5 per cent in 2011 which has reduced from 7.2 per cent the preceding year.

Thailand is trying to balance both the US and China while at the same time trying to resolve the refugee issue with Myanmar. It still has to grapple with the issue of Mekong river dams being built by China and Laos. Laos supplies electricity to Thailand from its hydropower projects. Thailand would have to deal effectively with the graft cases and corruption charges as well as take pragmatic approach towards managing financial health of the country and boosting investors' confidence. Yinluck has promised to revise the wage rates and also government procurement prices of rice. This can affect food prices particularly rice in Southeast Asia, as Thailand is one of the largest rice exporters to the region. She is replicating populist policies of her brother.

Thailand is again facing the looming shadow of Thaksin but this time rather than his cronies, it is his sister at the helm of affairs. More importantly, the southern Thailand insurgency has witnessed a series of bomb blasts and a number of people have been killed since July elections. This is another issue of immense importance for Yinluck. In the past, many religious organisations like Mohamaddiyah of Indonesia and some civil society groups in Malaysia have offered to mediate but Thailand government had undertaken negotiations which did not fructify. Yinluck has shown promise and might be able to bring Thailand on growth trajectory once again.

*\*Dr. Pankaj Jha, Research Fellow, at Indian Council of World Affairs ,New Delhi  
110001*

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