



Thailand goes to the polls (finally) on March 24, 2019

Prepared by Asia House Advisory practice

Thailand, the second biggest economy in South East Asia, is arguably the most politically volatile nation in the region. Since becoming a constitutional monarchy in 1932 there have been 20 iterations of the national constitution and the military has undertaken 12 successful coups, attempting a further eight – an average of 2.2 coups per decade. The current military junta, the 'National Council for Peace and Order' led by Gen. Prayut Chan-o-cha, took power in a May 2014 coup against the government of Prime Minister Yingluck Shinawatra, sister of telco tycoon and former Prime Minister Thaksin Shinawatra, who was also ousted in a coup in 2006.

Almost five years on from Yingluck's ouster, the junta is running much-promised general elections, after false starts and cancellations five times over the last five years. Two main themes dominate the elections on March 24 – the state of the economy, and the role of the military in the country's power structures. The military, who are running candidates through several parties including Palang Pracharat, has the upper hand. It has crafted a constitution and political laws that restrict the ability of opposition parties to gain power. It has also populated institutions such as the electoral commission and constitutional court with pro-military figures.

The constitutional court has just unanimously banned one of the strongest opposition parties, Thai Raksa Chart, for nominating Princess Ubolratana as their Prime Ministerial candidate. Less than two weeks out from the election, this is unlikely to be the last political manoeuvre we see in a political climate that has been characterised by restrictive government controls and strong identity politics. There are 350 seats in the lower house that are up for grabs in the elections, with 81 registered political parties competing. According to the constitution, the 250-seat upper house is entirely appointed by the military, so it is inevitable they will retain a large amount of power. The question going into the election is, how much?

The political landscape

There are broadly three categories of political parties in Thailand: pro-military, anti-military and swing-parties, who make up the 81 parties contesting 350 seats in the lower house. The political landscape is broadly divided into three groups representing the key pillars of power in Thailand – the monarchy, the military and the Shinawatra clan.

Despite being a constitutional monarchy, the King retains an influential place in Thai politics, helped by a divine-like status among the people. The current King, Vajiralongkorn, will be officially crowned in May. While he lacks the patriarchal and moral authority of his revered father King Bhumibol, he is consolidating power in his own way through political appointments and requesting amendments to the constitution.

As an institution, the military position itself as guardians of the monarchy and protectors of political and economic stability. They are represented by a number of pro-military parties, including the new Palang Pracharat Party, which has nominated current junta leader Gen. Prayut as its prime ministerial candidate. The military appear close to the Royalty, who together with the civil service and the Bangkok upper urban class form the traditional elite in Thai society.

The Shinawatra clan, led by billionaire Thaksin Shinawatra, has won every election since 2001. Both he and his sister Yingluck were ousted in military coups in 2006 and 2014, respectively.

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There is a clear divide between the traditional elite and the rural north and north east, which forms the backbone of support for the Shinawatra clan and its affiliated parties, including the Pheu Thai Party and the now banned Thai Raksa Chart Party.

This divide formed the basis of the dispute and conflict between the 'red-shirts', who support the Thaksin group and civilian rule, and the 'yellow-shirts' who essentially opposed Thaksin and hold broad brush support for the monarchy and military.

There are other established political parties – such as the Democrats, who find their support in Bangkok and southern Thailand – who may form a coalition with either group, depending on the outcome of the election.

Future forward

The Future Forward Party (FFP), a new challenger party is gaining momentum since its emergence last year. Led by 40-year-old Thanathorn Juangroongruangkit, FFP has found its support among young urbanites. Thanathorn is riding on a wave of social media popularity – jokingly named 'Daddy' after a popular soap opera character – and has already been targeted by the military. He is being prosecuted under the Computer Crimes Act for an online post allegedly spreading 'false information' about the military junta. He has, however, hit back against the establishment, filing two libel cases against a media outlet and a former military figure for posting misleading content about FFP.

The case highlights two indicative trends of the election campaign: the role of the military in suppressing media activity – both by controlling traditional media outlets and monitoring online activity under the Computer Crimes Act and the new Cyber Security Law – and the increasing importance of social media in a polity where traditional media has limited freedom.

At least 74 percent of the Thai population use social media – a large increase from the previous election in 2011 – and the country is among the biggest internet users worldwide. Young voters will also play a decisive factor in the election, as approximately 10 percent of the electorate are first-time voters who are not divided along the traditional lines of the red-shirts vs yellow-shirts.

However, in Thailand more than anywhere else, social media is a double-edged sword. The country's *lese majeste* laws are among the harshest in the world and contribute to restrictions on campaigning. Any comment deemed to insult the King, Queen, heir-apparent or regent can be jailed for three to fifteen years. The military have led an increasingly harsh application on the law, writing it into the 2017 constitution and leaving the definition of "insult" extremely vague.

The constitution

The constitution enacted in April 2017 by the new King and drafted by the current junta is Thailand's 20th since becoming a constitutional Monarchy. Its drafters maintain it is aimed at restoring political stability to Thailand, while opponents claim it will entrench military rule. It was voted through by a 61 percent majority, based on 59 percent turnout in a 2016 referendum. The military had banned campaigning before the referendum and banned the distribution of the constitution except via official channels, fuelling critics to question the legitimacy of the vote.

The constitution introduces proportional representation for 150 of the 500 seats in the lower house, the other 350 seats are elected by constituencies. The 250-seat Senate will be appointed by the military, with six seats reserved for the military itself. The Prime Minister is then elected



by gaining a majority votes from sitting members across the two houses and must be a candidate from a party who gained at least 25 seats in the election.

These laws, along with a group of other electoral regulations, have the overall effect of reducing the likelihood of one party gaining a strong majority. It weakens parties with a large backing and appears to be a thinly veiled attempt by the military to ward off a Thaksin-aligned whitewash as seen in the previous two elections. The likely result will be parties attempting to form a coalition in order to gain a majority. Considering the military already have 250 votes in the upper house, they start from a strong position. In the event that no majority government is formed, the Senate will help to nominate a Prime Minister. Again, considering the Senate is military appointed, it is not difficult to predict the political loyalties of their pick.

The two-tier economy

In the past – possibly due to their frequency – the economy has weathered political upheavals relatively well. Macro-economic indicators have been steadily improving throughout the past five years since the last coup. GDP, exports and imports as well as private and public sector investment are all on the increase. The International Monetary Fund (IMF) has recently revised its growth prediction upwards for Thailand’s GDP for 2019, to 3.9 percent. The current account surplus and international reserves have also increased, indicating a healthy macroeconomic environment. Nevertheless, foreign direct investment as a proportion of GDP has reduced under military rule, and growth in Thailand is slower than its regional neighbours. These indicators also do not account for the perennial point of contention in Thai politics, inequality.

Farmers and low-income earners make up half of the electorate. Inequality is increasing in Thailand; one recent study plotted it as most unequal society out of the world’s 40 biggest economies in 2018, with the richest 1 percent holding 66.9 percent of wealth and the bottom 50 percent holding just 1.7 percent.¹ This inequality has been a rallying cry for the anti-establishment parties.

There have been policy suggestions to address this although for the most part parties have not set out comprehensive economic policies. The Democrat party proposed a guaranteed minimum income for farmers, the Pheu Thai Party has promised to boost agricultural prices again (as they did under their two previous governments), and the Future Forward Party has suggested measures to lift domestic consumption through, for example, processing natural resources locally. Many of the policies focus on pricing support and government funded debt-relief rather than the necessary large structural reforms.

International attention is focussed on Thailand’s macro-economic growth and its investment-led infrastructure drive. The [Eastern Economic Corridor](#) is integral to this, with several infrastructure mega-projects underway and a plan to make Thailand an advanced manufacturing hub. Spanning this is the 20-year National Strategy, written into the constitution by the military. The strategy aims to turn Thailand into a “developed” country by 2037, focussing on balancing stability, prosperity and sustainability. More of a master plan than a policy document, the economic elements of the national strategy focus on reducing inequality and becoming a regional hub for transport, production, trade and investment.

¹ Credit Suisse Global Wealth Report 2018



Implications

Economy. Despite the difference in focus between the populist economic policies of the democratic parties and the macro-economic focus on the military, all potential candidates are pro-business and pro-foreign investment in general. As it is written into the constitution, the 20-year National Strategy must be followed by any ruling government. The Senate will be charged with authority to ensure any new policy is in line with the strategy and all government agencies and public organisations must follow the strategy, including in their budget allocations. Foreign investment is essential to continue economic development under the national strategy, and incentives and protections currently provided to foreign investors are therefore likely to remain.

There are concerns over how the military junta's new Cyber Security Law will effect foreign businesses. It has been criticised for its vagueness and there is concern that it could apply to foreign companies that use data in Thailand or have data of Thai citizens. It is more likely, however, that the laws are aimed a censoring opponents in the lead up to and aftermath of the election, rather than targeting foreign companies.

Foreign Policy. Over the last decade Thailand, a US treaty ally, has grown increasingly close to China. China is Thailand's largest trading partner, the source of most of its tourists and forms the second largest expatriate community after Japan. Thailand has purchased military equipment from China worth hundreds of billions of dollars, and China in investing billions in infrastructure, such as the Sino-Thai railway. Meanwhile, the west has been critical of the stalls to democratic progress following the 2014 coup, including the pausing of trade talks by the EU.

Due to Thailand's status as a treaty ally and its importance to US security in the region, it is unlikely the US would oversee a further deterioration of relations. Nevertheless, as with other countries in the region, Thailand is faced with the task of balancing its economic imperatives with its political and sovereign aims in its foreign policy. As with most nations, it will continue to balance between the US and China until a big event forces its hand.

Democracy. As designated by the constitution, the military will retain a large amount of power after this election. Pro-democratic forces may be able to gain control of the lower house and may be able to elect a Prime Minister, however this is an exceptionally hard task considering they must win 376 seats out of the 350 seats up for election and 150 designated by proportional representation. Nevertheless, considering the huge amounts of support seen in previous elections and during this campaign for opposition parties (Shinawatra-aligned and others) they are likely to win seats and have a voice in the lower house in any new government.

Considering the nature of the election contest, it is unlikely to be a smooth transition to power for any elected government. Whilst there is a focus on avoiding violent conflict, protests by the population or legal protests by opposition parties are to be expected, as are delays in forming a government if a coalition is necessary.

Identity politics, economic issues and debate over the military's role are likely to remain at the forefront of disputes up to as well as after the election. As has always been the case, the Thai polity is unlikely to lose their political appetite despite the ongoing history of coups, constitutions and contested governments.