

## **CHAPTER 2**

# **POLITICAL DE-DEVELOPMENT, CORRUPTION AND GOVERNANCE IN THAILAND**

Ake Tangsupvattana

### **INTRODUCTION**

In this paper, I will present deep-rooted patron and client culture in politics and business relationships in Thailand which creates political de-development and limiting good governance. I will also depict political de-development leading to corruption and bad governance in Thailand so as to show how good governance can be constrained by politics. By political de-development, I particularly refer to the recent power play among Thai elites, which, instead of bringing democratic consolidation, gives rise to democratic deficit or retreat. This also leads to corruption and bad governance in the country. This paper argues that the overthrowing of Thaksin Shinawatra's government, by means of coup d'état in 2006 by the military junta, was to de-develop Thai politics and created a negative political governance. Furthermore, though the main reason of the coup d'état was to terminate corrupted government, the coup and political ploys after the coup also led to a coalition government involving in corruption too. It seems to be true, in the case of Thailand, that a poison tree will always produce a poison fruit.

The purpose of this paper is to analyze the relationships between political de-development and its impact to corruption and governance. I will divide my paper into three parts: firstly, a brief historical review of the (de-) development of political economy in Thailand in the context of patronage politics and political retreat; secondly, an overview of corruption in Thailand; thirdly, the relationship among political de-development, corruption and governance in Thailand presently. The first part is to give a background for both politics and economy of Thailand in the context of politics and business relations so as to explain the politico-economic structural context of corruption in Thailand. The second part is to provide the situation of

corruption and constraints to prevent and suppress it, especially in political and institutional checks and balances contexts. The third part is to analyze the relations of the first two in the recent Thai politics in the context of comparison between the majority government of Thai Rak Thai (Thaksin's) government and present coalition government led by Democrat (Abhisit's) government and to elaborate on how de-development define the current state of corruption and governance in the country.

## **PART 1: A BRIEF HISTORICAL REVIEW OF THE (DE-) DEVELOPMENT OF THAI POLITICS IN THE CONTEXT OF POLITICS AND BUSINESS RELATIONS.**

In this part, I will delineate the development of political economy in Thailand as presented in Table 2.1.

**Table 2.1.** Historical Development of Thai Political-Economy

<b>Politics</b>	<b>Economy</b>
Thai feudal system	Self-sufficient economy + Primitive capitalism based on agricultural society
Ending period of Thai feudal system	Primitive capitalism based on agricultural society
Absolute monarchy	Primitive capitalism based on agricultural society
Bureaucratic polity	Full-fledged capitalism + import-substitution industrialization
Semi-democracy	Export-oriented industrialization + economic globalization in trade
Firm parliamentary politics	Fully participated in economic globalization in trade and finance
1997 Economic crisis in Thailand and East Asian + Political reform through 1997 Constitution	Fully participated in economic globalization in trade and finance
Authoritarian populism	Fully participated in economic globalization in trade and finance
Political crisis (from 2006 Coup to present)	Fully participated in economic globalization in trade and finance

### **1.1 Thai Feudal System**

In the past, Thailand, which was renamed from *Siam*, was predominantly an agricultural society. Socioeconomic condition of Thailand, related

to capitalism, turned to be a primitive capitalism at the beginning of *Rattanakosin* or Bangkok period, when Bangkok was established as a capital city. Nevertheless, the primitive capitalism was gradually developed from the end of *Ayudhaya* period, the time before Bangkok period. Until the reign of King Rama IV, Thai socioeconomic condition was basically under the system of *Sak dhi na*, Thai feudal system, connected with a self-sufficient economy. When Thailand was forced to sign the Bowring Treaty in 1855 by the British Empire, Thailand was directly forced to participate in the world economy which created a huge impact to Thai socio-economy. Even though Thailand had gradually entered into the world economy at the end of *Ayudhaya* period, it was the Bowring Treaty that boosted the change from a mixture of self-sufficient economy and primitive capitalist economy to be a full-fledged primitive capitalist economy. From this treaty, Thailand transformed its agricultural production from consuming domestically to selling abroad and, since then, the process of primitive capital accumulation was encouraged.

## **1.2 Absolute Monarchy and Bureaucratic Polity**

Through the short time of absolute monarchy, between King Rama V to King Rama VII, Thailand was modernized to be a modern nation-state under the process of nation-building. Economic condition in that period was the gradual expansion of capitalist system. Political change in 1932 made Thailand to change from an absolute monarchy to a constitutional monarchy. Instead of establishing a democratic regime, Thailand was ruled by a system of bureaucratic polity (Riggs, 1966), which, in Thailand, was linked to military's authoritarian regime. Politics then was dominated by the bureaucrats, especially the military. Democracy existed only in name, not in practice. Economic strategy in that period was an import-substitution industrialization (ISI), signifying that Thailand had started its industrial development. At the same time, there was a full-fledged development of the financial sector. Around 1950's modern and private Thai banks, such as Bangkok Bank and Thai Farmer Bank<sup>1</sup> were formed which demonstrated that Thai capitalism had developed beyond primitive capitalism.

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<sup>1</sup> It is renamed as Kasikorn Bank.

### **1.3 Semi-democracy**

When the bureaucratic polity collapsed because of 1973 students' upheaval, the system of semi-democracy (the regime of sharing political power between military and others) was established around 1978-1988. A very good example of this semi-democratic regime was the invention of the Joint Public and Private Consultation Committee (JPPCC). Under this committee, the military dominated the government-incorporated business associations and labor unions into the committee and used this committee in economic policy processes. This represented corporatism model, an authoritarian corporatism (Anek Laothamatas, 1992), because the last decision was made by the government controlled by one person, General Prem Tinsulanonda. General Prem came from the military and did not pass through electoral process. He was commander in chief of the army while he was first positioned as the Prime Minister.

Herein, it was very interesting to compare this model to Japan's and South Korea's developmental state model, which was an institutionalized government and an institutionalized business that developed a close institutionalized connection that had the common understanding to develop the economy of the nation. The developmental state is an Asian variant of capitalism that brought together the financial sector, public policy and large companies in a common nation effort (Kimura, 2007). To me, these two models between Thailand's on one hand, and Japan's and South Korea's developmental state, on the other hand, are similar in many aspects, especially in their procedures. For instance, both models use state bureaucracy as a main driving force to push economic development. However, one must note that 'similarity' is not 'the same.' Schlosstein points out that countries in Southeast Asia, including Thailand, have also relied rather more on direct foreign investment than using state policies to empower private and domestic capital (cited in Cohen and Kennedy, 2000: 179).

In the same period, with economic development throughout 1960's and 1970's, Thailand changed its economic strategy from ISI to export-oriented industrialization (EOI). And with that economic policy, Thailand deeply immersed itself into global trade and economic globalization, but essentially in terms of trade, not on capital market. Specifically, on one hand, the EOI demonstrated that Thailand gradually transformed itself from an agricultural society into a more advanced industrialized society; on the other hand, the Thai economy relied on a global market in trading area.

Thailand, at this stage, produced goods not only for domestic consumption, but also for significant international export.

#### **1.4 Firm Parliamentary Politics**

When semi-democracy regime was ended around the end of 1980's, throughout 1990's there was a wave of economic boom and a development of firmed parliamentary politics as well. Therefore, struggling political power in Thailand primarily existed in election and party politics (Pasuk Phongpaichit and Baker, 1997). With a short interruption from the 1991 coup d'état by National Peace Keeping Council (NPKC) of military junta, the protest against the attempt of NPKC to pertain its political power happened and led to the Black May 1992. After the coup, General Suchinda, who led the coup, announced that the military would not hold power and he himself would not seek to put himself in the premiership. Instead, Mr. Anand Panyarachun, a respectable businessman, was appointed by the NPKC as the interim PM. When Anand's interim government came to end in 1992, a general election was called by the NPKC. The NPKC, conspiring with some political parties, used strong tactics to hang on to its political power. General Suchinda Kraprayoon was nominated by the parliament as the prime minister. The Thai people were displeased with this outcome as they saw it as an act of betrayal by the military which had promised not to reign in power for themselves. This resulted in mass demonstrations around the Democracy Monument. The Army was brought into crush; the uprising in the heart of the city culminated into what was known as the Black May incident. At the end, Suchinda had to step down.

The relevance of the coup by NPKC in this paper is that it illustrates that corruption is always used as a reason for the coup. Chatichai's government, which was ousted by the NPKC was accused by the NPKC as a 'buffet cabinet' or the greedy cabinet involving with corruption. The reason might be right (and) or wrong, but it was frequently and hypocritically used as an excuse to make a coup. In Thailand, when a new government replaced the government ousted by a coup, the new government becomes usually corrupted too. Patronage politics and corruption have happened both in the time of civil or military government. Therefore, corruption is always used as an excuse to create political power change for a new power to make another corruption. This concept is also applied to 2006 coup, which caused political

instability, bad governance and corruption, and the present government<sup>2</sup> of Thailand.

However, the most politically significant signal sent out in the Black May incident in 1992 reflected the people's unwillingness to tolerate any more military coups and emphasized the end of bureaucratic polity. It also led to a series of reforms culminating in the establishment of firm parliamentary politics in which power changes took place within electoral politics and power play within the parliamentary processes by political parties. The importance of elections was underlined within such a representative democracy. As the era of bureaucratic polity came to an end, there was a reverse trend whereby both national and provincial businesses gain more power over the bureaucrats.

National business-people, such as bankers, financiers, commercialists, industrialists and tourist businesses could influence the governments' policies, due to their economic power and position (Pasuk and Baker, 1997: 25). At the same time, influential provincial business is often closely related to *jao pho*, local bossism, and people in its networks, in mutually profitable alliances. Tamada contends that what we also need to consider is a form of informal power, *itthiphon*, in which a person without an official position, who are local *itthiphon* business-people (or *jao pho* - A.T.) can exert (1991: 455-456). *Jao pho*- by his local power derived through the power bloc (Turton, 1989: 86-87)—his clientele, such as local economic agents, various mutually profitable alliances, 'electoral machine bosses' (*hua kanaen*) and gunmen—use their black power to gain economic advantages, which, in turn, are used to support their political power at the next stage. Khan illustrates this pattern as 'a complex intermeshing of political and economic exchanges in patron-client networks' (1998: 10).

It can be seen that politico-economic changes weaken the military's power in the political arena, but cushion the strength of the parliamentary system. As a result, influential provincial businesses have come to play a crucial role in the parliament through the political parties. Since about 90 per cent of seats in parliament were supplied for the provincial constituencies, local influential business-people, who controlled positions in the political parties, could become an increasingly dominant element in the parliament and the cabinet, with increased power and status in the legislature at the expense of the bureaucracy (Pasuk and Baker, 1997: 30-31). With this

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<sup>2</sup> The present government refers to coalition government led by Democrat Party before general election in 3 July 2011

increased power, provincial businesses spearheaded parliament to use its political power as corrupt power to protect their legal and illegal businesses. Therefore, it was no accident that Thailand has the highest number of businessmen in parliament (cited in Khan, 1998: 16). *Jao pho* not only used this resulting power to maintain their status 'above the law' in order to further their legal and illegal business interests, but to compete with the 'old elite,' such as the military and bureaucrats for a share in 'corruption money' (Pasuk and Sungsidh, 1994: 52).

It was also during this time that new actors in Thai politics emerged and began to establish their power. They are local influential people, big brothers or political barons, controlling economic and political power in local areas or what some might call "provincial business people" (Pasuk Phongpaichit and Baker, 1997: 29-32). Here, I would term them as the local business-politicians. The influence of these local business-politicians came from the way parliamentary politics was constituted. The provincial areas were given much more weight than urban centres such as Bangkok as reflected in the ratio of seats allocated in the parliament. The local business-politicians representing these provincial areas once elected became national business-politicians. Some of them, by the quota system of the members of parliament (MP), seats in parliament and by using money, gained ministerial positions. As ministers, they became involved in national public policies and affairs, and their influence grew.

We can see that where modern formal political institutions, such as political party, parliament, government and its bureaucratic instrument cannot perform their formal functions to efficiently serve the needs of the people, patron-client exchange has a role to play in filling the gap. This easily leads to all forms of corruption. In modern Thai politics, business forces, both the influential provincial and national business-people, choose to use the corrupt culture in Thai society for their own benefit (s). This is congruent with their increasing roles in parliamentary politics of representative democracy. Money politics and corruption had accompanied Thai's electoral politics. Crony capitalism was another manifestation of Thai's embedded corrupt culture informed by the age-old patron and client relationship. The case involving the collapse of the Bangkok Bank of Commerce was an excellent example of the confluence of money politics and crony capitalism. The conspiracy between business politicians and bankers from 1991-1996 in dishing out fishy loans resulted in the bank's non-performing loans to the value of Bt77 billion (at that time US\$3 billion). Mr. Rakesh Saxena, a former advisor of the bank, was accused of looting US\$2 billion

from the bank. This case involving the Bangkok Bank of Commerce has seen the highest loss in the world banking history (Laird 2000: 129-130). The situation with the Bangkok Bank of Commerce is a classic example. The Bank of Thailand had to support the Bank of Commerce with nearly US\$7 billion even though it had violated several directives from the central bank and had engaged in fraudulent behavior. The Bangkok Bank of Commerce had, moreover, provided loans to politicians who lacked sufficient collateral and used the funds for real estate development, which then failed (Flynn, 1999 cited in Ake Tangsupvattana, 2005: 162). This example was just one among others and was an early case leading to 1997 Economic crisis in Thailand.

### **1.5 The 1997 Economic Crisis and Political Reform through 1997 Constitution**

The 1997 Economic Crisis, as known as *Tom Yum Kung* Crisis, was one of the best examples of conspiracy between politics and business leading to corruption. The relationship between politics and business has been powerful for decades, with commercial banks servicing politicians and providing resources for commodity exports and industrial growth. This marriage of influence ensured the guarantee of the government and the Bank of Thailand that commercial banks would not fail. Accordingly, the banks and financial companies, which were controlled by overseas Chinese, could act with impunity and continue to misallocate loans (Doner and Ramsay, 1999 cited in Ake Tangsupvattana, 2005: 161-162). Bankers and financiers also extended loans to a closed circle of friends and relatives, especially in such nonproductive sectors as real estate and the stock market. The banks' position at the macro level was supported by the interpersonal relationships between borrowers and lenders at the micro level. Given the financial liberalization, deregulation, and capital inflows through the BIBF or Bangkok International Banking Facilities, the crisis might not have reached such proportions had the loans not been used so non-productively. If internal economic fundamentals had remained solid, foreign investors would have not panicked and withdrawn their funds. At the same time, if foreign capital inflows had been limited and if the limited funds had been put to more productive use, the economic crisis would not have been so severe. With limited capital, a small economy, and fewer interrelations with the globalizing economy, the impact of the crisis might have been controlled (Ake Tangsupvattana, 2005: 162).

Therefore, one can also see that with corrupt culture in politics and business, the force of economic globalisation could not be effectively regulated and managed in Thailand. By opening the Thai financial market to global finance through the BIBF was a recipe for disaster as no proper market and regulatory mechanisms were put in place. The result was the 1997 economic crisis. However, just before the 1997 economic crisis, there were emerging pressures on the government to institute political reforms to counter money politics and crony capitalism. There were calls for better regulation of politics and its relations to business practices. A consequence of this pressure for political reforms was the 1997 Constitution, the people's constitution, which was announced not long after the advent of the 1997 economic crisis.

There were two complementary objectives of the 1997 constitution that were worth fighting for. Ultimately democracy would progress if the two objectives were deepened and managed to complement each other. They were to strengthen political institution, especially political party so as to create stable government, and to encourage people's direct participation in politics. Ideally, a deepening of democracy would involve the deepening of these 2 objectives (Ake Tangsupvatana, 2006). The strengthening of institutional politics was done under a system of representative democracy in which the behaviour of individual politicians would be disciplined by the mediating structures of much strengthened parties. This was also moving away from sham parties in which individual MPs felt they were to be freelance as direct delegates of vested interests, via old fashioned patron-client relations, who could be bought off in various ways. Encouraging people to participate more actively in politics would create political processes beyond voting in elections, but within agreed and democratically functional institutional forms. That is to say, the second purpose was an endeavour to create participatory democratic governance (PDG) along with representative democracy. However, historical development of the first and second was contingent and needed to be handled well, and within the rule of law, in order to be effective.

Before political reform through the 1997 Constitution, Thai politics was in the cycle of creating unstable coalition governments and no durable and policy-oriented government. This cycle referred to these political barons' vote-buying, party-hopping, trading the votes of their political power base for political interest and pork-barrel politics. This cycle produced parties' fight not only within the coalitions they join, but also internally within each party. Consequently, not counting the authoritarian governments

supported by military, Thai governments from 1932–2001 had on average lasted six months or so (McBride, 2002; cited in Ake Tangsupvattana, 2006: 70). In trying to break this vicious cycle, the 1997 Constitution called for Members of Parliament (MP) to be taken off their seats if they switched from one political party to another. They will also be disqualified from running in the subsequent by-election. MP switching parties after the dissolution of the parliament will be barred from subsequent general election; MPs becoming ministers must also resign from his/her positions (*ibid.*).

Empirically, after the 1997 political reforms, Thailand had a good chance to move towards PDG. Civil society organizations (CSOs) played crucial roles, with and without co-ordination of independent regulators (created by 1997 Constitution), in many cases. In a previous study I co-authored, we found that from the 1990's to early 2000's civil society had begun to make itself felt in policy making and policy implementation circles, especially in critique of existing policies and formulating proven alternatives to mainstream development strategies. CSOs also encouraged a more democratic system less beholden to the money politics of business politicians who corrupt and make the representative democracy system unresponsive (Prudhisan Jumbala and Ake Tangsupvattana, *forthcoming*). For instance, three high profile corruption cases exposed by civil society between 1998 and 2000 reflected the increasing impact of civil society on democratic governance in Thailand. Indeed, since 1997, analysts were optimistic that CSOs are helping move Thailand's polity from representative democracy to a more participatory democracy. It confirms the proposition that intensive civil society participation in the political arena could lead to PDG. In the process, civil society also creates a new stronger political culture by inculcating the norms of participating in and scrutinising the state's policy-making and policy implementation. Furthermore, this political culture together with the channels and independent regulatory institutions created by the 1997 constitution, such as the Election Commission of Thailand, the National Anti Corruption Commission and the National Economic and Social Advisory Council, served as watchdogs to any corruption or policy malpractice by politicians and businessman.

Accordingly, civil society was gradually enabling itself to balance the political power of the state and the market forces of business (Prudhisan Jumbala and Ake Tangsupvattana, *forthcoming*). Of course, this did not mean that civil society would win every time on public policy issues. Nor was it certain that it would be able to continue expanding its operations and activities. This is particularly because CSOs do face resources and man-

power limitations. However, it could be observed that, up to now, the structure of political opportunities has changed as such that civil society can play roles in advancing PDG. Some successful cases of anti-corruption were performed by the coordination between CSOs and independent regulators. Even though Thai business-politicians were quite resilient and adaptive, at least they cannot easily engage in the same old malpractices as they have done in the past (Prudhisana Jumbalal and Ake Tangsupvattana, forthcoming). However, while we saw trends of move toward PDG in the early years after the 1997 Constitution, five years of *Thai Rak Thai*'s government's reign under Prime Minister Thaksin Shinawatra seemed to have cancelled the gains made in PDG, and a reverse trend towards authoritarian populism (AP) was emerging.

### **1.6 Authoritarian Populism**

The advent of Thaksin and *Thai Rak Thai* (TRT) weakened the potential development and deepening of these democratic objectives. This was due, firstly, to the unfortunate, and unforeseen, combination of: the new constitutional safeguards; a majority party in government; and a strong authoritarian leader of that party who was more interested in wielding the party for power than in deepening representative democracy, and who had little patience for the give and take, the negotiation and compromise, that is the very stuff of everyday democratic politics. Secondly, the same authoritarian tendencies were exhibited in the form of an AP appeal to the people over the heads of the elites, the organizations of civil society, and the democratically inscribed rule of law. Whilst the first development prevented any deepening of representative politics, the second was antithetical to the encouragement of the people's more active participation in politics, and this was because it was basically a specifically Thai form of AP.<sup>3</sup> In other words, it is nothing like a real commitment to PDG.

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<sup>3</sup> AP here was basically a specifically Thai form of what Stuart Hall, referring to Thatcherism in 70s and 80s Britain, called 'popular ventriloquism'. Popular ventriloquism is an authoritarian form of politics whereby a politician or a party appeals to the people over the heads of vested corporate power groups of various kinds, but does so not in order to genuinely encourage the people to use their own voices and articulate their own stories and interests, but in order to tell their stories for them, in a way that will best win their support for policies that the authoritarian leader already has in their sights. I am indebted to Professor Rob Stones for his explanation to this specific point.

As mentioned earlier, the historical development of the two complementary objectives of the 1997 Constitution was contingent. When TRT established itself as a strong political party, leading to strong and majority government, this strong political party did not encourage people's participation in politics, which was also the intention of the 1997 Constitution. This demonstrated that the twin objectives were non-complementary. While the intention of the 1997 Constitutional drafters was to create appropriate political structures through political reforms and institution-building, which would in turn lead to changes in political behaviour of politicians, the outcome may not necessarily be exactly as intended. While the changes in the electoral system did result in a strong political party coming to power, the idea that better efficiency and effectiveness of the government could also lead to better participation by the people did not quite materialise. Instead the result was a strong government led by a strong leader, Thaksin, who uses his economic wealth to further consolidate his political power and vice versa, and then established authoritarian regime through populism, or AP (Ake Tangsupvattana, 2006).

Populist policies were employed by TRT to get popular vote, and then political power. When TRT gained political power, it centralized political power to the party and the leader of the party. TRT neither encouraged people's participation in politics, nor endeavoured to intervene and control independent regulators. Many media analysts consider the TRT government as one of the most powerful government in Thai's political history, comparing it even with the military government in the past. In addition, the government prefers to use extra-judicial means to crack down some criminal activities and problems in society. When dealing with the drug problem, thousands of drug smugglers were killed. In dealing with the troubled South dominated by Muslims, two major suppressions caused hundreds of life. These showed the violation of human rights. Also, movements by people organisations were discredited and the government intervened in the recruitment of representatives of independent regulatory bodies. Moreover, Thaksin, himself, also did not take kindly to any criticisms. He was quick to make verbal retaliations and, from time to time, intimidation of his critics. All these point towards signs of authoritarianism. Accordingly, we can see that the TRT Party deployed populist tactics in material aspects for gaining electoral support. Once it was in power, it further employed these populist measures coupled with skilful political marketing to entrench the popularity and power of TRT party. As its power was entrenched, the TRT party had no qualms to use authoritarian measures to rule the country with an iron-grip. In

short, through a combined measure of imposition of social discipline from above and of populist mobilisation from below, TRT party was moving Thai polity towards AP rather than PDG (Ake Tangsupvattana, 2006: 75-78).

### **1.7 Present Political Crisis**

Thaksin totally consolidated his political power again in 2005 general election by winning 377 out of 500 seats in the House of Representatives. It seemed to be that no one could stop him. On top of such seeming subversion of democratic institutions and values, Thaksin's second term in office was also continuously involved with news of corruption committed by TRT members as in the first term. Instead of investigating these allegations of corruption, Thaksin tried to keep the cases under wraps, and none of those involved were properly punished or sanctioned. It was however the US\$1.88 billion Shin Corporation sale to Temasek involving Thaksin and his family that finally convinced many Thai people that "enough is enough." The Shin Corporation's transaction brought into the fore questions over conflict of interest, policy-based corruption and issues over ethical and moral leadership, and led to an increasing tide of anti-Thaksin protests. The movement initially led by Sondhi Limthongkul, a media tycoon that had fallen out with Thaksin, and, later, gathered steam as other groups such as the People's Alliance for Democracy (PAD) or the Yellow Shirt Part 1.<sup>4</sup> Thai opposition parties also joined in the fray demanding Thaksin's resignation. At this junction, one could see that political parties, apart from participating in electoral politics, joined the politics in the street too, and this caused confusion of political participation between party politics in representative democracy and direct democracy of politics in the street in Thailand along with the movement of PAD itself.

The backlash against Thaksin's AP had created dramatic political chaos in Thailand from that time until today. In reacting with the mass movement, Thaksin tried to save his political regime and hang on to power by dissolving the parliament and calling for snap elections in April 2006. The major opposition parties decided to boycott the elections so as to deny Thaksin the legitimacy that he was trying to get through fresh elections. Though the Thai Rak Thai party secured 57 percent of popular votes in the snap elections, Thaksin was forced to "step down" after the elections

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<sup>4</sup> By PAD part 1, I refer to the PAD/Yellow Shirt's movement before the coup in 19<sup>th</sup> September 2006.

because of continued mass protests on the streets of Bangkok. The snap election was also ordered by the court to be cancelled. The situation of political stalemate remained until September 2006 when the military junta under the name of Council for Democratic Reform (CDR), which later was renamed as the Council for National Security (CNS), staged a coup on 19<sup>th</sup> September 2006 and ousted the TRT government and Thaksin out of office. Not so long after the coup, the United Front for Democracy against Dictatorship (UDD) Part 1,<sup>5</sup> or the Red Shirt, or Thaksin's supporters plus people who did not agree with the coup played a crucial part in protesting against the military junta. Eight months later or end of May 2007, TRT was dissolved by the Constitutional Court because of violating the election law in the April 2006 snap election. As a result, 111 members of TRT Executive Committee, including Thaksin, were banned from politics for five years. However, the coup and, later, political struggles between Thaksin and his supporters, UDD as the Red Shirt, on one hand, and military with alliance with old elite, Democrat Party and the PAD, as the Yellow shirt, on the other hand, have generated extremely controversial issues, unresolved political dilemma, social division, political violence such as burning the cities, and then a series of political crisis in Thailand that had never ever existed before.

The CNS abolished the 1997 Constitution, arranged the interim government, National Legislature Assembly of Thailand and the Constitution Drafting Assembly. The new 2007 constitution was passed through the process of referendum in August 2007 and the general election was held on 23<sup>rd</sup> December 2007. As a result of the election, People's Power Party (PPP), the former TRT, gained the largest number in the lower house of 233 out of 480 seats and formed a new coalition government, while the Democrat Party gained the second largest number of 165 and became the opposition. This very much displeased the military junta and its alliances because even after technical suppression by the military, despite changing the political rules and the electoral system through the 2007 Constitution and after employing many political ploys, people's power, especially the poor, still supported the PPP and the man behind PPP or ex-Prime Minister Thaksin. However, the crucial point here was that the military and its alliance designed the 2007 Constitution in order to deliberately weaken political institutions, especially the political party TRT/PPP, and then created an unstable coalition govern-

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<sup>5</sup> By UDD part 1, I refer to the movement of the UDD/Red Shirt after the September 2006 Coup and before People's Power Party (PPP) government in 2008.

ment. This was evident in the changing of the electoral system<sup>6</sup> and in using political tactics. Therefore, it produced double political de-development. Firstly, the coup was oppositional to democratic means. Secondly, the weak political party leading to an unstable government was the retreat of democratization, which was based on the people. Simultaneously, it legitimized extra-democratic power to intervene.

When the PPP government was formed, the PAD (part 2)<sup>7</sup> reunited and emerged again, but it was different from part 1. PAD argued that PPP government was dominated and controlled by Thaksin so this government was biased to protect Thaksin, who was a corrupted politician and was protested by PAD (Part 1). However, in part 2 of the PAD movement, one could observe that its movement was very congruent with the military and its alliances' movement. Therefore, some people considered that the movement of the PAD Part 2 closely turned out to be a movement as an alliance of the military. Accordingly, one could understand why PAD could seize the House of Government, and, later on, the Don Muang Airport, the exile office of the government, and the Suvarnabhumi or Bangkok International Airport. At the same period that PAD seized the House of Government, the Constitutional Court, again, gave a verdict to the Head of PPP and the Prime Minister, Mr. Samak Sundaravej that he was found guilty in violating the constitutional law. The Constitution basically prohibits the members of the Executive branch to involve with any interest in private company or organization relating to commercial purposes including being employed. However, what Samak did was that he was the emcee of the cookery TV program by invitation, not employed, and received a very small sum of money for transportation. This forced Samak to resign from the Premier position. Therefore, one could see the tactical power that was utilized by the PPP's opposition.

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<sup>6</sup> 1997 Constitution aimed to create strong political party and stable government by using mixed electoral system between single-member-district-plurality (SMD-P) or first-past-the-post and proportional representation or party list system (with minimum threshold 5% of popular vote) while the 2007 changed into mixed system of multiple-member-district (MMD) and proportional representation. In MMD, there are no more than 3 MPs per district. In proportional representation, Thailand is divided in to 8 districts and each district can have 10 MPs. As mentioned above, the result of 2007 general election was no majority winning by any political party which led to coalition and unstable government.

<sup>7</sup> By PAD part 2, I refer to the PAD's movement against PPP Government after the 2006 coup till a few months before 2011 general election.

After that, in the system of coalition government, People's Power Party (PPP) had to find a new Prime Minister. PPP could secure a coalition alliance and nominated Somchai Wongsawat, brother-in-law of Thaksin, to be a Prime Minister. Again, the PAD having already seized the House of Government, moved forward to occupy the Bangkok International Airport. At the same time, the Executive Board of PPP was brought into the Constitutional Court because one of its members was involved with electoral fraud. Again, PPP was given a verdict to be dissolved and PPP's executive board, including Somchai, was banned from politics for five years. After that, because of the split of coalition parties and because of the convincing accusation that the military came to intervene the formation of a new coalition government, Thailand got a new coalition government led by Democrat Party and Prime Minister Abhisit since 17<sup>th</sup> December 2008 until the time of this writing. This brought the Democrat Party, apart from involving with the PAD, to directly associate with the military, and made Thai politics further entangled with deeper problems. After PPP was dissolved, it was tactically renamed to be *Puea Thai Party* (PTP)<sup>8</sup> and became an opposition party before 2011 general election.

This led Thai politics to the state of antinomy, engendered by using bad means (the coup, the retreat of 2007 Constitution from 1997 Constitution and the intervention by the military after the coup and etc.) to handle with a bad guy (Thaksin's abuse of political power and corruption, protected by TRT/PPP). The military and its alliances argued that there was goodwill behind the coup that was to terminate corrupted politician and its alliance out of the office. Therefore, the coup might bring about 'one step backward' for 'two steps forward,' or to retreat for the advance in the future. Nevertheless, as in the notion of a 'poison tree' always produces a 'poison fruit,' the coup, as a poison tree, leads to de-democratization as a poison fruit because one of the gist of democracy that is the principle of the rule of law is abused. This is perfectly compatible with the classic democratic proverb that 'there is no short-cut to democracy!' It is evident today that Thai politics is conveyed downwards to the abyss. The political conflicts and violence led by the UDD or the Red Shirt Part 2<sup>9</sup> resulting in the Bloody Songkran Days<sup>10</sup> 2009 and Bloody April-May 2010, sacrificing many lives.

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<sup>8</sup> Literally translated as 'For Thais Party.'

<sup>9</sup> By UDD or the Red Shirt Part 2, I refer to the time after the dissolution of PPP by court's rule until today.

<sup>10</sup> Songkran Days refers to watering festival in Thailand between 13-15 April of every year.

At this point, we can see that Thailand is in a situation of ‘mob rule’ engendered by the yellow and red shirts, who want to mobilize people into the street so as to terminate political opposition, who is in governmental position. Instead of creating people’s participation leading to participatory democratic governance, or people empowerment, power play by old and new elite brings people’s participation to mob rule.

As argued earlier by referring to NPKC’s coup to Chatchai’s government, corruption is usually used as a good reason, and from time to time a good excuse, to make a coup. However, one needs to ask why after the coup resulting to governments directly or indirectly associated by the military, corruption, as a form of bad governance, still exists. For me, elimination of corruption problem by using political means to destroy TRT/PPP seems to be lip-service to eliminate the political enemy because the present coalition government led by Democrat and was helped to form by the military is very much involved with corruption too. Moreover, to de-develop political institution by weakening political party, leading to unstable government, through the 2007 Constitution is to constrain good governance and exacerbate corruption and to bring them back to the time before the 1997 Constitution. The coup d’état in 2006 led to an important military role once again in Thai politics that contributed to the passage of the 2007 Constitution whose goal was to solve the problem of too strong executive government. The design of this constitution was to change the election system so as to create a coalition government. In this system, the decision making on cabinet portfolio and important public policies must go through negotiations between political parties in coalition; in particular, negotiations have gone through the important institutional structure —the approval from cabinet meeting. In addition, among the factions in the Democrat Party and other political parties in coalition, there is a network of well-known figures, influential leaders or prominent persons who act as brokers among factions within the political parties. This pattern of government has a significant impact on decision making of the cabinet and administration.<sup>11</sup> As a result, corruptions through compromising multi-polar interests and power bases in the government have become the crucial problem once again in Thailand. This is going to be the main issue of this paper to demonstrate how political de-development creates bad governance in the context of corruption in Thailand.

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<sup>11</sup> Laver, Michael and Shelpfle, Kenneth A. 1994. *Cabinet Ministers and Parliamentary Government*, New York: Cambridge University Press: 5-10.

## **PART 2: CORRUPTION SITUATION AND ITS IMPACT ON THAILAND**

Corruption is a serious obstacle in political, economic and social development among developing countries. Corruption affects the foundation of national development leading to distortions in policy decision-makings, budgeting process, and operating of development policies. As a result, the poor, who are considered to be the marginal people in the development and public policies, are extraordinarily discriminated against in public service provision. Corruption being very detrimental to the nation is an important obstacle in sustainable development and poverty reduction. As warned by the World Bank, “Corruption is ‘the greatest obstacle to reducing poverty’” (World Bank 2008 cited in Transparency International 2008). Poverty has also a negative effect on increasingly difficult corruption remedies.

In majority of the developing countries, especially those with internal conflicts, there has been the destruction of government infrastructure attributable to rampant corruption. Evaluated by the Corruption Perception Index (CPI) in 2010 (Transparency International, 2010), countries with the high level of corruption were as follows. Somalia scored a mere 1.1; Burma, 1.4; Afghanistan, 1.4; Iraq, 1.5. If we ranked the CPI scores, Africa and the Middle East including Sub-Saharan Africa were the regions with the lowest scores. The challenging problems of these countries have become more chronic than other regions. Moreover, these countries are endowed with valuable natural resources, particularly oil, but these benefits fall into the hands of the elites and some multinational corporations that seek economic rent (Transparency International, 1999). These important challenging problems of these countries originate from specific characteristics in governance of the countries in the region which are a dictatorial form of government that limits public participation, and lacks transparency and checks and balances leading to internal instability and widely expansive conflicts.

In Asia, the corruption situation is considered as having the tendency to improve. In evaluation of the Corruption Perceptions Indices, many countries in the Asian region such as Bangladesh, Tonga, China, and Indonesia obtained better scores. Even if some countries such as Malaysia scored worse than the year before, since there appeared lack of clear political will against corruption (Transparency International, 2009), nevertheless, Malaysia still had much higher CPI than many countries in the Asian region that had high levels of corruption such as Maldives, Nepal and Afghanistan

that lacked political process and institutions to have a clear mandate in fighting corruption in the country.

In Thailand, corruption is a chronic problem in society for a long time. According to the survey by the Transparency International on Corruption Perceptions Index (CPI), Thailand ranked at number 78 in 2010 and scored 3.5, the same as China, Colombia, Greece, Lesotho, Peru and Serbia. When compared with other ASEAN countries, although Thailand performed much better than many countries such as Indonesia, Vietnam, the Philippines, and Laos, Thailand's CPI was still much less than Singapore whose rank was number 1 and Malaysia whose rank was number 56 (Transparency International, 2010). A 2010 survey by Hong Kong-based Political and Economic Risk Consultancy Ltd. showed Thailand was perceived as the fifth most corrupt of 16 Asia-Pacific economies and the World Bank's Governance Indicators suggest corruption worsened between 2005 to 2008, with the indicator falling from 54.4 out of 100 to 43.5. It improved in 2009 to 51 (Ahuja, 2010).

Pasuk Phongpaichit, together with the Office of The Civil Service Commission in 2001, has studied and concluded that the levels of honesty and faithfulness of the Members of Parliament were as low as the Royal Thai Police. Moreover, more than 79 percent of businessmen perceive that bribery is the norm for success in business. Conversely, corruption practices are less in public agencies related to provision of services and infrastructure facilities (Pasuk Phongpaichit *et al.*, 2001). This study is still applicable to nowadays. Projects that required large budget or mega-projects or infrastructure projects are another important case study of corruption in Thailand. A number of studies find that bribery would not be successful if there is no help or cooperation from public officials at the onset. In mega-projects, corruption would start initially in the feasible study stage via the process of giving bribes to related public officials leading to unnecessarily high project cost, delayed delivery of the project, money leakage in budget expenditures and failure in projects. This level of corruption arises from personal relationship network among politicians, businessmen, and public servants that cooperate in corruption practices. The corruption patterns are diverse; for examples, politicians and public servants invest in some unknown companies and afterwards allow these companies to win project bids (Pasuk Phongpaichit *et al.*, 2002).

The corruption in Thailand after 2001 revealed that the pattern has changed over time. Politicians nowadays use technical methods to seek personal interest while holding political positions. For instance, there has

been appointment of individuals close to politicians so as to hold important positions in the public agencies and independent entities for the long-term gain. There have been revisions in some law and regulations to increase power of the individuals in the same political group who could later seek interests for them; in particular, individuals close to politicians are appointed to become committee or board members in public enterprises (Sungsidh Piriya-rangsan *et al.*, 2004). For the corruption situation in the local administration, there are corruption problems related to operations of government projects. The corruption at this level is operated in a large network of public officials both elected and appointed to oversee projects from the national level down to the local operational level, indicating that close relationship network among politicians, public servants and businessmen has expanded from the national politicians to the local elected officials. As a result, corruption has become more sophisticated and creates personal and public conflicts of interests and policy-based corruption (Ora-orn Poocharoen and Ake Tangsupvattana, 2006: 13). A clear epitome was the policy-based corruption of the Thai Rak Thai Party during 2001-2006 before the 2006 coup d'état happened and brought military into political power again.

In the Ad hoc Committee on Investigation and Study of Corruption of the Senate's study (cited in Office of National Anti-Corruption Commission 2008: 50), corruption can be divided into five types as follows: corruption in government position and duty, corruption in government concession, corruption in government procurement, corruption by weakening state audit system and policy-based corruption. For Thailand, corruption practices have become chronic and increasingly complex, and the amount of money involved has increased enormously. Corruption pattern has changed from taking off certain percentage from concession projects or procurement budget between military and the business sector or between politicians and the business sector (Sungsidh Piriya-rangsan, 2006: 3) to engaging in policy-based corruption. The survey conducted by the University of the Thai Chamber of Commerce, involving 420 business operators nationwide, shows that: 62.4 per cent of the polled said they believed corruption was more prevalent in the country than in the past three years. 79.7 per cent said they had paid bribes to government officials and politicians in return for concessions and the amount of each bribe was usually more than 25 per cent of the concession (Bangkok Post, 2010).

Policy-based corruption, as a new pattern of corruption, refers to corruption related directly to conflict of interest. In principle, the conflict of interest in the public sector arises when public personnel has private-cap-

city interest leading to inappropriateness of rendered services attributable to duties and responsibilities under his/her jurisdiction such as policy enactment, use of constitutional mechanism, and legislation that benefit themselves or cronies (Ake Tangsupvattana and Ora-Orn Phhcharoen, 2010: 5-39; OECD 2005). By law, such behavior is in grey area between lawful and unlawful. However, in the evaluation of ethical aspect, such behavior is an unethical act. Conflict of interest arises from influential politicians who have power to make decisions and involve grand corruption by cooperation among politicians, high-level public servants and businessmen, in some cases, including multinational corporations (Sungsidh Piriya-rangsan, 2006: 88). For example, the policy-based corruption under Prime Minister Thaksin Shinawatra involved the purchase of land in Ratchada and the sale of stocks to companies owned by relatives having majority shares and to Singapore's Temasek Holdings. This was made possible by using legislation mechanism in his favor, and claimed that the act was not illegal. Policy-based corruption is considered to be the corruption that is different from existing corruption since corruption under the rule of law cannot be directly punished. Therefore, this kind of corruption tends to increase ambiguous fraudulent act. If such an act is vivid, it is still not unlawful since such wrong act is approved by state's policies. As mentioned above, corruption nowadays is complex, deceptive, and widespread. This characteristic, according to Sangsit Phiriya-rangsan, is "absolute corruption" referring to full-cycle corruption that covers briberies in all channels such as in the economy, business, public administration and politics (2006: 4).

Corruption is an act that is very detrimental to national development in the economic, social, cultural and political aspects. In economic aspect, corruption involves taxation, customs, purchasing contracts and procurement, privatization of public enterprises, legislation, judicial judgment, and vote buying. It also includes briberies that create incentives and reduce the cost of doing business. Business interests including the transfer of monopolistic concession to the private investors, interference of rules and legal norms, and the influence of vote-buying politicians, leads to economic inequalities because government budget falls on some group of people, and corruption reduces resources for national development. In addition, corruption also occurs at the transnational level since globalization opens the door for foreign nationals to commit briberies or even for Thai nationals to do the same in foreign countries. Inequity in economic structure leads to inequalities in income distribution in Thailand. While majority of the population are poor and have sufficient income only on a daily basis, they are primarily

concerned with short-term interest, especially the financial aspect. The economic problem is not the only problem of the public, but there is also the problem in the bureaucratic system where government officials earn insufficient income. As a result, some may resort to corruption to supplement their income. However, this does not imply that government officials with high income will not corrupt.

In social and cultural suspects, Thai corrupt culture, informed by patron and client relationships, is originated from the time of Thai feudal system, and embedded into the politics and business relation. This corrupt culture crucially creates not only politics and business cronyism, but also political de-development in Thailand. Political groups, public servants and business people have connections or relationship network between patrons and clients leading to cronyism, nepotism, favoritism and conspiracy between business and politics. In my previous research (Ake Tangsupvattana, 2005: 152-158), overseas Chinese brought with them their Asian values as a way of doing business. With pressure from the Thai elite, overseas Chinese found their place under the ruling Thai umbrella. Neatly adjusting and integrating their Asian values to the Thai patron-client way, the overseas Chinese ran their banks by being submissive to the informal clients of their favorite bureaucrats and politicians. Once this interpersonal pattern of doing business was established, corruption was not far behind. Although there was a shift in power from bureaucrat (under the time of bureaucratic polity) to provincial politician-businessmen (under the time of firm parliamentary politics) and to national businessman like Thaksin, as mentioned in part 1, this has been just a changing of actors. The core cultural values, resulting from the integration of patron-client relations and negative side of Asian values of Confucianism and *guanxi*, remained. The roots of the corrupt Thai economic culture persist in the tripartite conspiracy of bureaucrat, politician, and overseas Chinese businessmen. It however has to be emphasized that overseas Chinese are not to be singled out as scapegoats because the corrupt business culture could not have taken hold without the cooperation and involvement of the local elites.

Accordingly, we can see that corruption in Thailand involves a network of politicians, government officials and businessmen from the central government (and also from the local governments) and in some cases some businessmen outside the country (Ora-orn Poocharoen and Ake Tangsupvattana, 2006: 13), and they are tied together by deep-rooted culture of patron and client relationship. The major impact of corruption on culture is that if corruption becomes more firmly established in the culture of Thai

society, the creation of public will against corruption will be an extremely difficult task. People in the society will tend to accept existing corruption. For example, bribery becomes a sign of gratefulness, or using government power to help cronies become a symbol of gratitude (Office of the National Anti-Corruption Commission, 2008: 11). That is to say, the perception on corruption as “nothing wrong” will endanger the development of good governance in Thailand.

In the political aspect, corruption has a significant impact on national politics and *vice versa* as will be discussed by referring to present situation in part 3. In the time of bureaucratic polity, where power was in the hands of high-level government officials, especially military, power control brought about corruption. Afterwards, the political and electoral systems in accordance with parliamentary mechanism have been developed to be the time of firm parliamentary politics. Politicians in the local or provincial influential network began to have a role; at the same time, businessmen at the national level saw opportunity and increased their roles by using own monetary resources in election to support themselves or individuals in the network leading to money politics.

The corruption situation in Thailand is still severe, and its characteristic is consistent with the corruption situation in many developing countries. In general, if compared to other countries in this region, Thailand is at the better level than neighboring countries. Pertaining to tendency to increase corruption in the country, as mentioned, corruption is more complex and severe, and the corruption patterns have changed from overt bribery to sophisticated policy-based corruption. It becomes the problem that the country must encounter and find ways to solve. Again, the crucial point is that the complexity of corruption coupled with Thai culture contributes to aforementioned corruption and are important success and failure factors in fighting against corruption in the Thai Society. Since the methods of corruption are more sophisticated and widely spread, the corruption problem is increasingly difficult to solve. Moreover, corruption is deeply rooted in the Thai culture where society perceives bribery as a normal behavior.

At present, Thailand encounters the serious problems in morality and ethics. From the opinion survey of young people, 83 percent agreed that too much honesty was not a good thing since they could be taken advantage of. About 51 percent agreed that it was okay to corrupt if there were some societal benefits. This signifies a social crisis (Office of the National Anti-Corruption Commission, 2008: 41) as it shows that values and cultures in society have an impact on public will on corruption acceptance showing that

the thinking and the approach on corruption are incorrect in the Thai society. As stated by Witthayakorn Chiangkul, “The approach that some Thais think is that ‘even if the government is corrupt but if it is good in economic management, it is acceptable;’ this approach is however wrong. Corruption cannot lead to national development, and corruption suppression is the necessary condition for national development” (Witthayakorn Chiangkul, 2006: 6). A failure of educational system is highly correlated with corruption since this involves implanted spiritual fundamentals obtained from education. If there is a good spiritual fundamental, everything will come out good (Ake Tangsupvattana and Ora-Orn Poocharoen, 2010: 5-38). Accordingly, it leads to two intertwined problems, which are the lack of public will against corruption from the public and the lack of political will from the government officials and politicians. The latter case, however, is also related to the idea that Thai politicians go into politics for more personal and crony interests than public interest.

Another important problem against corruption in Thailand is the lack of institutional checks and balance since the government has political power and resources. In comparison, this leads to ineffectiveness on the work of related independent organizations in regulating political corruption. On the contrary, the administration of the public sector and independent organizations is not independent enough since there are interventions by political groups and interest groups. Moreover, independent organizations that audit the use of state power have in practice no enforcement power because they encounter problems of budget management, manpower, and insufficient instruments. Furthermore, some organizations lack skills, knowledge and appropriate technology. For the issues of institutional checks and balances, we can focus on important institutions that are public sector, independent regulatory agency, civil society and media, respectively. These problems of lack of institutional checks and institutional weaknesses are critical components of political de-development when they are coordinated with the elite’s power play.

For the public sector, important issues such as the problem of political intervention in institutions and organizations, e.g. the legislative branch, the senate, and public servants, are main problems obstructing various agencies to operate at their full potential. For example, the absolute control of legislative branch during Thaksin’s TRT as a majority party made the legislative branch was unable to check and balance the executive branch (Ora-orn Poocharoen and Ake Tangsupvattana 2006: 17 ). There are also problems of political intervention to the Senate (supposed to be independent from

political party), judicial system, public bureaucracy, especially in appointing high ranking official, and etc. However, as will be studied in part 3, it does not mean that all of these will not happen in the time of weaker coalition government.

For independent regulatory agency, according to the 2007 Constitution, independent agencies are shown to have the role in auditing the use of state power. The auditing process by the Election Commission (EC) starts when politicians enter politics. The process of using state power and the ethics of persons holding political positions and government officials are overseen and audited by the National Anti-Corruption Commission (NACC), the Ombudsman and the State Audit Commission (SAC). However, although independent organizations are at work, they are still unable to significantly reduce corruption by politicians and public officials. As shown in the early section of this part, the rank of Corruption Perceptions Index (CPI) is still not good. The challenging issue is the problem of bureaucratic organizational structure that lacks integrated operations. Independent regulatory agencies are known to have excessive responsibilities, but not enough authority. Therefore, officials in each organization do not work up to their potentials. For example, the major duty of NAAC is to investigate and to write opinions for judges but it has less power to prosecute. In each year, there are many petitions. Up until 2008, NAAC received 8,237 petitions and completed only 2,226 cases. There are also the legally structural problems and delay tactic that politicians can use as a ploy to obstruct the operation of independent agencies. Moreover, politicians usually intervene in the recruitment of commissioners of independent agencies. For instance, the process of searching for an auditor general has a legal problem that has not been certified by the Parliament. This type of problem has also occurred in the process of selecting a NAAC commission during the TRT Administration. Thus, we can see that apart from problems of internal operation of independent agencies, there are also external problems of political intervention demonstrating weakness of institutional checks and balances.

For the media, it is a sector that plays an important role in social mechanism in investigating the operation of the public sector in corruption prevention and suppression. The challenging issue is the role of the media in practice, having many hurdles. The media is intervened both by political and economic threats to the owners and staff of the firms. An epitome is the takeover of a media company during the TRT government; thus, media has to struggle to have independence in operation. For civil society, empowered by the 1997 Constitution, although it had a crucial role in anti-corruption as

explained in part 1, it was really weakened by Thaksin's AP. Nowadays, civil society movement, especially in anti-corruption, is entangled with political crisis in Thailand. Some of them cannot distinguish between anti-Thaksin and anti-corruption and lead to the confusion of their role between 'mob rule' and 'people's power.' Moreover, in most cases, the civil society has the problem of operational rules and laws such as witness protection from persons who corrupt and lose benefit and overly high cost of complaints —lost working time, difficulties in writing petition, self revelation, and court appearance as witness (Sungsidh Piriyanangsan, 2004: 91). For these reasons, the role of the civil society and the media are unable to properly perform its potentials; thus, institutional checks and balances could not be adequately utilized.

At this point, one can see how cultural factor, the lack of institutional checks and balances and institutional weaknesses make a good condition to corruption as bad governance in Thailand. With coordination of power play by elite leading to political de-development, mentioned in part 1, corruption as bad governance are very well created. Next part is synthesizing on how calcorruption evolving from politi-development is shaping the country's governance alongwithad/good governance.

### **PART 3: POLITICAL DE-DEVELOPMENT, CORRUPTION AND GOVERNANCE IN THAILAND**

Hitherto, we can understand the political development from periods of Thai feudal system to political reform through the 1997 Constitution and comprehend political de-development from the times of the 1997 Constitution to the 2007 Constitution and until today. Simultaneously, we also appreciate them in the context of patron-client relationships, informing corrupt culture in politics and business relation which has impeded good governance in Thailand. Corrupt culture is usually the justification to the question why good governance has not worked in Thailand. However, it can be noted that the extent of corruption in the country has been defined by the political de-development which brings back Thai governance into the bad time before the 1997 Constitution.

From the first and second parts, we can perceive that the government or the executive branch itself is actually the main problem giving rise to the corruption. For more corrupt countries like Thailand, both top level bureaucrat and politicians may conspire with each other to corrupt, but, of course,

the initiation usually comes from the side of political power. From recent experience, strong majority government can lead to authoritarian government, as in the case of TRT, resulting to corruption. However, it is also evident that coalition government, leading to unstable government, can easily bring about corruption too but with different form.

At the time of TRT Party, the strong majority government rendered the problem to institutional checks and balances because of political intervention. With TRT majority in the House of Representatives, the House cannot do checks and balances of the abuse of political power for corruption by the government. This was apart from TRT government intervention to independent regulatory bodies. Therefore, at the time of TRT government, great power does not come with the great responsibility. Instead, absolute power, corrupt absolutely. Comparing to unstable coalition government led by Democrat Party, by structure, the abuse of political power for corruption seems to be less than the time of TRT government. For coalition government, it will have more institutional checks and balances both among parties inside coalition government and between the executive branch and the Parliament so abuse of political power for corruption seems to be more difficult. That is to say, there are institutional checks and balances internally and externally to the cabinet.

However, there is also structural impediment of coalition government as it happened in the time before the 1997 Constitution. Coalition government in Thailand, coming from unstable multi-party systems, is unstable coalition government. Therefore, there is a risk for corruption in coalition government too because it needs to have a compromise for survival. Thus, by its nature, coalition government can produce its own problem to corruption too. The negotiation of give and take of national budgets related to corruption among coalition parties in government will be a major problem to corruption regulation and prevention. Furthermore, high political conflict and violence under the mob rule, presented in the part 1, increase the pressure to the coalition government, especially the leading coalition party, Democrat, to narrowly concentrate on its survival. Hence, a big opportunity for corruption is created under this circumstance. Moreover, since Democrat-led coalition government was supported and arranged by networks of military, politicians, bureaucrats and old elite, involving with patronage politics that has long been negative to Thailand, this brought about fundamental constraints to PM Abhisit Vejjajiva to confront corruption.

It is evident that in the present Democrat-led coalition government,<sup>12</sup> corruption is proliferated too. Mega-project and huge procurement project will be primary targets of military, politician, business-politician and business-people having close connection to politician in coalition government. If we focus on the military, Ahuja, Reuters' correspondence illustrates that the army is a source of cost overruns and corruption allegations. The army budget has doubled since 2006 military coup removing a government led by former PM Thaksin Shinawatra, who was accused of corruption and later convicted in a Thai court of breaking conflict of interest laws while in the office. Recent army procurement deals have raised questions of whether military corruption has worsened since the coup. These include a 350 million baht (US\$11.4 million) purchase of a leaky surveillance blimp last year and more than 700 UK-made GT200 bomb detectors that turned out to be an embarrassing scam; they are lumps of plastic with no working mechanical parts. The military said in July it would keep the airship if its U.S. manufacturer paid for repairs. It initially insisted to purchase the bomb detectors, which cost 900,000 baht (\$29,360) each, worked fine until weeks of public outcry brought an admission they had flaws. But they said the purchase was above board (Ahuja, 2010).

When we turn to focus on the coalition party in government, Bhumjaithai, a major party in six-party coalition government, was highly considered on corruption involvement. Official Bhumjaithai leader Chavarat Chanvirakul oversees the Interior Ministry where he has been accused of auctioning off provincial governor posts to the highest bidder. Moreover, he was also accused of orchestrating construction deals that benefit his family and helping to manipulate district chief examinations in northeastern Thailand to help allies. He has denied all allegations, calling them politically motivated (*ibid.*). From newspapers, ministers from Bhumjaithai are alleged as involving in many corruption cases, such as the NGV bus project and rice subsidy program. This invokes public suspicion about the transparency of the government as a whole, and raises the question why the government allows its coalition party to engage in corruption. Although Democrat party as a leading party in government has a better image than Bhumjaithai, the allowance of Bhumjaithai to involve with corruption will destroy the credibility of the Democrat too. As in Thai motto, the Democrat "rows the boat for passenger, who is a robber."

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<sup>12</sup> At the time of writing, Thailand will have next general election on July 3, 2011 so the present Democrat-led coalition government refers the government before July 3, 2011.

For the Democrat itself, the Thai government launched the economic stimulus scheme call *Thai Khem Kaeng* (Strong Thailand) that made Thailand borrow a huge sum of money from international financial institutions. The government's plan to spend 300 billion baht<sup>13</sup> within year 2009 and 200 Billion baht has been approved by the cabinet. This 300 billion baht is a part of the total scheme of 1.43 trillion baht. The overall investment plan calls for new investments in thousands of projects nationwide through 2012, ranging from new mass transit, road and rail projects to improvements in water and irrigation systems, and education and health-care facilities. Last year, the Thai local newspapers started to make news of corruption from the procurement in the Ministry of Public Health, where the minister came from Democrat and the deputy minister came from Bhumjaithai. They had to resign in scandals linked to abuse of the funds. Allegations ranged from irregularities in the procurement of hospital equipment and school supplies to rigged bidding process on construction projects. Corruption allegations have shadowed a \$42-billion government-spending plan to rescue Thailand from recession (Ahuja 2010). Also, the Chairperson of the Chamber of Commerce said in 2010 (or in the time of Democrat Government – my bracket), kick-back money was increased from 2-3 percent 20-23 years ago to be 30-40 percent in the last few years. From the research of the University of Chamber of Commerce, it found that the stake of corruption was around 200,000-300,000 million baht (or around \$6,666-10,000 million).<sup>14</sup>

At the end, this raises the question on the integrity of the present government. However, the answer of permitting to have bad governance on corruption goes to the de-development of Thai politics through the 2007 Constitution. The constraint of weak coalition government, mentioned above, can turn government from corruption preventer to be corruption creator. That is to say, instead of regulating corruption, the government may create corruption. Therefore, we can see the condition of making good governance in Thailand. The cultural constraint of corrupt culture, informed by patron and client relations, which is fostered by political de-development in weakening political institution, render Thailand to regress its governance into the time before the 1997 Constitution. Although the 1997 Constitution unintentionally produced bad governance under Thaksin's regime, the 2007 Constitutional was intentionally designed to de-develop Thai politics by weakening the strength of political party, especially Thaksin's TRT/PPP,

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<sup>13</sup> Around 30 Thai baht is equal to US\$1 today.

<sup>14</sup> [http://www.mcot.net/cfcustom/cache\\_page/217170.html](http://www.mcot.net/cfcustom/cache_page/217170.html), accessed 27 August 2011.

which caused the whole political party system to be deteriorated. This is a crucial condition of making good governance in Thailand. It seems to me that Thailand is captured as a hostage to serve power game and power play of Thai elite. Hence, the political de-development can perfectly cushion the cultural factor, and generate difficulty in preventing and suppressing corruption, and in the development of good governance.

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