# New Thai cabinet loaded with businessmen, bureaucrats and ex-generals

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The new Thai cabinet headed by Prime Minister Thaksin Shinawatra was sworn in on February 18, more than a month after the Thai Rak Thai (Thais love Thai) party won the national elections. The coalition government, which includes the Chart Thai party and the New Aspiration party, has already come under fire in the local and international media for its associations with the so-called old guard of Thai politics—sections of big business and the state bureaucracy that forged close links with the armed forces under previous military dictatorships.

Thaksin is a billionaire telecom tycoon who flourished under military rule through the granting of monopolies and preferential deals. He served in the coalition government headed by New Aspiration leader Chavalit Yongchaiyudh that collapsed in 1997 during the Asian financial crisis, after being accused of corruption, cronyism and failing to open up the economy to international investors. Chavalit, a retired general and former army chief, has been appointed defence minister in the new cabinet.

Thai Rak Thai party won 248 seats, just short of an absolute majority in the 500-member parliament. Together with Chart Thai's 41 seats and New Aspiration's 36 seats, Thaksin holds a substantial majority and is likely to press ahead with plans to use government money to bail out Thailand's corporate and banking sectors, which are still burdened with huge amounts of bad debt.

Thaksin's nationalist campaign made a deliberate pitch to those disaffected with the previous Democrat Party government of Chuan Leekpai, which had implemented the economic restructuring demands of the International Monetary Fund (IMF). As well as sections of business facing bankruptcy, Thaksin appealed to farmers by offering a debt repayment moratorium and to the rural population by promising $23,000 for every village in the country. The outgoing Democrats won only 128 seats.

The new cabinet has 36 members—four each from Chart Thai and New Aspiration and the remainder going to Thai Rak Thai. As well as Chavalit as defence minister, New Aspiration will hold the transport and communications portfolio. Chart Thai will take the science and technology ministry, the labour ministry and two deputy minister positions. Thai Rak Thai, however, will retain most of the key posts.

The crucial finance portfolio has gone to Somkid Jatusripitak, a close Thaksin confident, who was responsible for drawing up Thaksin's populist policies for the election campaign. He will have the task of delivering an economic program that cuts across the austerity measures demanded by the IMF and World Bank and has already been criticised by analysts for its potential to increase government debt.

Central to Thaksin's plan is the establishment of an Assets Management Corporation that would provide up to $12 billion to deal with outstanding bad debts. According to a recent report by the Standard Chartered Bank, the debt scheme and other electoral promises, if implemented, will send Thailand's level of public debt skyrocketting from 60 to 100 percent of Gross Domestic Product (GDP).

Thai businessmen have taken other key positions in the cabinet. Dej Boonlong, the Labor Minister, is a wealthy businessman and president of Thai Teijin Textile and Thai Textile, which recently laid off a substantial number of workers. Telecom tycoon Adisai Potaramik is now commerce minister. A media magnate Pracha Maleenond has been given the post of deputy communications minister and Suriya Juengrungraunkig, one of the country's biggest auto parts dealers, was appointed industry minister.

A former army officer and defence permanent secretary Yuthasak Sasiprapa holds the position of deputy defence minister. According to the *Nation* newspaper: “Military peers see Yuthasak as a big-hearted and dependable colleague who spares no effort to help a friend in need. To public eyes, Yuthasak's name is frequently linked to shady activities, including a debt-collection ring and mediation among underworld figures.” Other ministers include high-ranking former state bureaucrats and academics.

An editorial in the *Nation* newspaper registered its profound disappointment with the new cabinet, describing it as “a potpourri of economists, technocrats and cronies” and

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giving it a C+ grading. The newspaper commented that the key posts of finance, commerce and agriculture were held by ministers who “are not intended to have independent minds... and make up what amounts to an inner sanctum”. It also pointed out that as defence minister Chavalit was preparing to reverse many of the previous government's changes to the military, which included cutting the number of generals and promoting on the basis of merit rather than seniority.

**Corrupt politics**

A *New York Times* article last week was also scathing, commenting that “the rich dinosaurs of Thailand's corrupt politics—a class sometimes derided as the ‘yees,' a Thai word meaning ‘yuck'—were circling for their paybacks at the trough of a new administration.... Critics warn that his promises could drain the national treasury and that the euphoria of the moment could evaporate quickly.”

As news of the possible cabinet appointees began filtering out, the stock market, which had climbed by 7 percent following the election, fell back by 2 percent before steadying, reflecting concerns about the impact of the government and its policies. The banking sector is still reeling under $37 billion worth of non-performing loans or about 31 percent of the country's total loans. Moreover, a number of previously “rehabilitated loans” are reverting to non-performing loans as faltering businesses fail to service their debts.

Thaksin still faces the prospect of being found guilty of corruption after the National Counter Corruption Commission indicted him at the end of last year for failing to fully declare his assets while part of the Chavalit government in 1997. He will have to appear before the Constitutional Court and if found guilty would be barred from holding public office for five years.

Thaksin, however, appears confident that he will not be removed from office. While the Constitutional Court claims it will rule within a few months, the prime minister has predicted that the case will take years. As well as employing an army of defence lawyers, Thaksin is no doubt counting on bringing to bear the pressure of the government as well as his “old guard” cronies.

There are already signs that Thaksin's administration will undo the previous Democrat government's attempts to change the “money politics” that is rife, particularly during elections. Only a small percentage of the electoral fraud in the latest national poll is likely to be investigated by the Electoral Commission, which is now being supervised by the conservative Council of State.

The Election Commission has the power to order re-votes in particular seats and hand a “red card” to candidates involved in vote-buying or rigging, in order to bar them from standing. But as commissioner Yuwarat Gamolvej told the *Far Eastern Economic Review*: “Do I have absolute power over red cards? No. Someone from the executive branch was sent to control us. Now the Council of State controls us, looks after us.”

Thai journalists expressed fears that media freedom is in jeopardy under the new government. Kavi Chongkittavorn, president of the Thai journalists union and editor of the *Nation* told a panel discussion: “Thaksin will divide and rule. Friendly media will be given access to information and news. Unfriendly media will not be given access.”

Earlier this month, 23 staff from ITV television were sacked after claiming that they had been pressured to deliver politically-biased news reports in favour of Thaksin. ITV is operated and partly owned by Thaksin's Shin Corp conglomerate.

In foreign affairs, the Thaksin administration has indicated it will follow a pragmatic line aimed at promoting Thai business interests. The government will drop any of the mild criticisms made by Chuan Leekpai of the military regime in neighbouring Burma and seek a closer accommodation with Laos and Cambodia. New Foreign Minister Surakiart Sathirathai told the press recently: “Our foreign policy must correspond to the economic needs of Thailand.” Surakiart served as finance minister from 1995 to 1996 in the Chavalit government.

Both in the cabinet line-up and policies there is little doubt that the “old guard” is back in power—as a result of the disaffection with the Democrats and their IMF-inspired policies. But the new administration is just as incapable as its predecessor of meeting the needs and aspirations of ordinary working people. Its popularity will evaporate as quickly as it came—leading to further political instability.

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