

# Large protests call for Thai prime minister's resignation

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Thousands of people rallied in the Thai capital of Bangkok last Saturday demanding the resignation of Prime Minister Thaksin Shinawatra. Chanting "Thaksin, get out" and waving national flags, the protesters marched to the Royal Plaza, defying a government ban on rallies in the area. Around 20,000 people took part, including professionals and businessmen as well as students and workers opposed to privatisation.

The protest followed a huge rally at the same spot over the previous weekend. Estimated by police at 60,000, some media outlets put the figure as high as 100,000. The demonstration was the biggest since the political movement that led to the collapse of the Suchinda military regime in 1992. The protests have been organised by Sondhi Limthongkul, a publishing tycoon and former Thaksin ally, now rival.

The immediate catalyst for the February 4-5 rally was outrage over the latest shady deal by Thaksin and his family involving the sale of their controlling interest in Shin Corp to the Singapore government's investment arm, Temasek Holdings, for an estimated \$US1.85 billion. Just prior to the sale, parliament approved a law to allow Shin Corp, the country's largest mobile phone and Internet provider, to be sold to a foreign entity.

Moreover, the sale was arranged so as to avoid paying any taxes. Thaksin's son and daughter bought an 11 percent stake in Shin Corp from the family's holding company, Ample Rich, based in the Virgin Islands for 2.5 US cents a share then sold it to Temasek for \$US1.28 a share. Under Thai law, the holding company, rather than individual shareholders, pays capital gains tax.

Although Thai officials ruled the deal legal, Thaksin's son may yet be fined for failing to properly disclose his stake in Ample Rich. Thaksin, however, is completely in the clear. He passed control of the huge conglomerate, formally at least, to his family when he became prime minister in 2001. According to the US-based *Forbes*

magazine, the Thaksin family fortune that stood at \$1.2 billion in 2001 had more than doubled by 2004. It has now substantially increased again, following the latest windfall.

Fuelling popular anger over the Shin Corp sale is wider discontent over growing social inequality in Thailand. As one banner summed it up at the February 4 rally: "Thaksin Ample Rich, Thais ample poor". There is widespread sentiment, particularly in Bangkok, that the billionaire Thaksin has used the state to further enhance his huge private fortune. "His gang is getting rich, but for small business it gets worse. People don't have money," one shop owner told Reuters at the rally.

Sections of workers are being hit directly by the government's policies. Workers from the Electricity Generating Authority of Thailand (EGAT) took part in the rallies as part of a union campaign to oppose the government's attempts to privatise the body. Teachers are also seeking to prevent plans to transfer the control of state schools to local authorities. Sections of small business are concerned about the impact of a free trade agreement with the US that Thaksin is negotiating.

Protest organiser Sondhi Limthongkul is attempting to exploit this discontent in much the same way as Thaksin did during the 2001 election campaign. At that time, there was widespread opposition to the Democratic Party government over its implementation of the IMF free market agenda. Thaksin formed his Thai Rak Thai (Thais Love Thais) party and won the election by promising to protect Thai businesses and provide cheap health care and handouts for rural villages.

Having come to power, Thaksin resorted to right-wing populism to maintain his position. In 2003, he unleashed the police in a "war on drugs" that resulted in the deaths of more than 2,000 alleged drug dealers. In the south, similarly brutal methods by the army have helped fuel an armed revolt by Muslim separatists, to which Thaksin has

responded by imposing a state of emergency.

By continuing the economic restructuring agenda of the previous Democratic Party government, however, Thaksin has alienated some of his previous business supporters. It is significant that the anger over the latest Shin Corp scandal has been as much about a major Thai corporation being sold to a foreign entity as over the Thaksin family's profiteering.

Sondhi was among those who backed Thaksin in 2001 as a means of protecting Thai business and slowing the program of economic restructuring. He lost his media empire during the Asian financial crisis and by 2000 had been declared bankrupt. But following Thaksin's win, he was able to start new companies, even though his previous group was still in the hands of creditors, and won contracts to produce prime-time shows for state-owned television. Predictably, he was fulsome in his public praise of Thaksin and his economic prowess.

Why the two men fell out has never been publicly explained. Last September, however, state television cancelled a talk show co-hosted by Sondhi after he accused Thaksin of abusing his power. He began to hold weekly outdoor meetings in a park in Bangkok and used this forum to accuse Thaksin and his family of corruption. The prime minister responded with threats of legal action but withdrew them after the Thai king Bhumibol Adulyadej pointedly declared in his annual TV address in December that government officials should not consult lawyers too quickly.

The intervention of the Thai king was a clear sign of discontent within ruling circles with the direction of the Thaksin government and his high-handed methods in silencing any opposition. While formally a constitutional monarch, the king has close ties to the Thai establishment, including the military, and has at times of political crisis been crucial to propping up the state. In 1992, he intervened directly to defuse the mounting opposition movement by compelling the military strongman Suchinda Krapayoon to stand down.

Under the banner of nationalism, free speech and anti-corruption, Sondhi is exploiting popular resentment to advance the interests of sections of Thai business concerned over growing competition from foreign capital. He has criticised the EGAT privatisation and gathered the support of non-government organisations critical of the proposed Thai-US free trade agreement.

Sondhi has continued to hold his weekly meetings but the Shin Corp scandal dramatically expanded their scope. Prior to the February 4 rally, two of Thaksin's

ministers—Information and Communications Minister Sora-at Klinpratoom and Culture Minister Uraiwan Thientong—resigned. Sondhi has lodged a petition with the king and Privy Council Chairman General Prem Timasulanonda for Thaksin's removal.

Publicly, Thaksin has treated the opposition with contempt. He reacted to the February 4 rally by declaring that he would only stand down if the king asked him to do so—a comment he may yet live to regret. Currently the prime minister has an overwhelming parliamentary majority following a landslide win in last year's national election. A number of commentators have noted that outside Bangkok, Thaksin still has strong popularity—in large part due to his handouts.

Nevertheless, Thaksin is attempting to shore up his position. To blunt criticism of the free trade agreement, he declared last week: "We don't need to conclude the deal if we don't accept their [US] proposals." The Thai government has been under intense pressure from Washington to conclude a deal in the next few months.

Last weekend Thaksin attempted to answer his critics with a vague proposal for a referendum to find out if people wanted constitutional reform. Sondhi and other opponents have rejected the latest ploy and vowed to continue their campaign for his removal. This week Thaksin suffered another blow after the Constitutional Court agreed on Tuesday to hear a petition from 28 senators accusing him of violating the country's conflict of interest laws over the Shin Corp sale.

The next rally is due to be held in Bangkok on February 26.



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