

## 第22回 プロジェクトセミナー

Responses to Southeast Asia's Currency and Economic Crises

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**Professor Akira Suehiro** of the Institute of Social Science began the proceedings by introducing the comparative research project he and Professor Akio Komorida are chairing for the Institute. The project, “Comparative Studies of Liberalization, Economic Crises and Social Restructuring”, studies the results of liberalization in Asia, Latin America, and Russia/Eastern Europe, and has brought together over 30 scholars from Korea, Chile, Russia, Mexico, Brazil, China, and Poland. He welcomed Professors Pasuk and Baker as part of this ongoing project. Professor Suehiro then introduced their talks by observing that the most important issue in Thailand at present is no longer the economic crisis but the upcoming general election, and that their presentations would focus on that topic and on contemporary social and political conditions in Thailand.

**Professor Baker** then prefaced his and Professor Pasuk's remarks by noting that they have written extensively and attended many conferences on the economic crisis over the last three years, and that much of their thinking on the topic has gone into their recently-published book. The crisis has engendered a very considerable economic restructuring in Thailand, the details of which are comparatively well-known outside of Thailand. There have also, however, been very considerable shifts in political conditions and in mentalities in Thailand since the crisis, the details of which are less well known outside of the country. To shed light on these topics, Professor Pasuk would talk first about corruption in Thailand, on which she has been working on for over 10 years, and Professor Baker would then discuss the election.

**Professor Pasuk** began her discussion of corruption in Thai politics by posing two questions: 1) why has corruption become a major issue in Thai politics now, and 2) what is the actual extent of corruption in Thai politics? In addressing the first question, Professor Pasuk provided a number of examples indicating how quickly corruption has moved up the social and political agenda over the last six months. First, a very powerful Minister of the Interior, xxname, has just been barred from official politics for five years, losing not only his ministerial position but his position as Secretary-General of the ruling Democrat Party. This unprecedented toppling of a Minister of the Interior was the result of evidence brought by NGOs and the press to the new National Counter-Corruption Commission indicating that he had lied to the Commission in his declaration of assets. Second, there was a serious scandal in the public health field when it was revealed that

hundreds of billions of baht had been paid out of government coffers to government officials as commission fees for procurement of medicine and health equipment. Again, this scandal was revealed by an NGO, and this group was able to collect 50,000 signatures on a petition calling for the impeachment of the minister and for the bringing of criminal charges against the undersecretary of the public health ministry. The minister was forced to resign, but the NGO failed to bring criminal charges against the undersecretary and efforts to that effect continue. Third, four associations of architects, contractors and engineers recently held a widely-reported two-day seminar detailing the nature of corruption in government construction contracts. Fourth, in the south, ordinary citizens complaining of police corruption held the city police station under siege for 2 days, destroying police vehicles and property. Fifth, within the last few weeks, the leading business newspaper Prachachat Turuggie xxname has published evidence showing that the leader of the new Thai Rak Thai party, Thaksin Shinawatra, deliberately disguised his assets when he was a deputy minister under the Chavalit government in late 1997. Thaksin allegedly transferred millions shares into the names of his driver, cook, and maid without declaring them to the National Counter Corruption Commission (NCCC). The Commission is currently investigating the case and it appears that Thaksin, widely tipped to become Thailand's next Prime Minister, may be banned from politics for five years. Other current ministers may be implicated in corruption scandals, and they too could be barred from political activity for five years.

Corruption is not, of course, a new topic in Thailand, but it has suddenly loomed large in public debate. Professor Pasuk argued that two major factors help to explain this new interest, one external, one internal. The external factor relates to the mid-1990s discovery of corruption by international organizations like the International Monetary Fund (IMF), World Bank, Organization for Economic Cooperation and Development (OECD), and later the Asian Development Bank (ADB). World Bank interest in "good governance" was linked to the problem of corruption in some African countries which are receiving Structural Adjustment Loans (SALs) from the World Bank, a problem which led the Bank to use the threat of withholding SALs to force reform. Following the Asian crisis, "good governance" became part of the conditions for IMF loans to Asian countries as well. Corruption within the bureaucracy was seen as part and parcel of the problem of "cronyism" and as one of the primary causes of the crisis. Other international organizations followed the lead of the World Bank on this issue.

As important as external pressure has been in Thailand, however, internal factors have been more significant. Domestic interest in corruption preceded the taking up of the topic by international institutions. Academic studies have increased public awareness of corruption in Thailand, and the passing of a new constitution in 1997 has allowed the public to play a new role in controlling corrupt

behavior and established a National Counter-Corruption Commission. Professor Pasuk and her team at Chulalongkorn University began studying corruption after the 1991 military coup. She and her colleagues were incensed by the claim of the coup leaders that the corruption of elected officials provided justification for the coup, as they knew that the military leaders were just as corrupt as elected officials. They thus wanted both to determine what kind of government is most corrupt and to determine the attitude of the Thai people toward corruption. Their studies exposed corruption among the police and politicians and generated widespread public debate. One of the researchers was sued by a leading politician, and the group was charged with defamation in 22 police stations in Bangkok. Both of these actions served to provide further publicity for the study. She argued that her team's work has given important support to the Thai pro-democracy movement. The economic crisis has given further impetus to concern over corruption, as businessmen have become convinced that unqualified and corrupt politicians have introduced bad economic management and that bad politicians have come to power through corrupt behavior.

Concern for political reform thus became a central part of the democratic movement which led to the passing of a new constitution in 1997. This constitution is very important because it contains a number of measures which increase public control over corrupt politicians and bureaucrats. First, the constitution specifies that if a petition calling for an investigation into the behavior of a minister or a bureaucrat receives the signatures of 50,000 eligible voters, it can be presented to the Senate. Such an investigation can lead to impeachment (in the case of a minister) or sacking and/or criminal charges (for a bureaucrat). Second, under the new constitution all ministers and high-ranking bureaucrats must declare their assets and debts, including those held by their families. The politicians' declarations are made public, while those of bureaucrats are kept at the NCCC, though there is currently a move to make their declarations public as well. In the constitution, the penalties for politicians who disguise their assets allow them to be barred from politics for five years; criminal charges can be laid against bureaucrats. Third, several new courts and institutions have been established to help regulate the functioning of good governance. An administrative court is to be established to allow Thai citizens to bring cases against bureaucrats. A special court has been set up to rule on dishonest behavior by politicians. An independent human rights commission has been created to overview human rights issues, and a freedom of information act has been passed. An act on the allocation of radio and television frequencies has also been passed, and as a result radio and TV frequencies will be public property managed by an independent committee. This means that the military and police will be prevented from controlling radio and television frequencies, though the military is continuing to contest this change. There is also the new independent NCCC, replacing the old corruption commission which was under the control of the Prime Minister's Office.

Having provided this explanation for the current explosion of interest in corruption in Thai politics, Professor Pasuk turned to her second question: what is the real extent of corruption in the Thai bureaucracy and in Thai politics? Here she noted that the advantage of systematic research on corruption is that it tells us where the problem really is and reveals its extent. Over the last few years, a number of studies of corruption have been made; in the last year alone, four systematic surveys have been carried out. The first is a study of government officials. A Chulalongkorn University researcher interviewed over 600 officials ranked director or above about their experiences with corruption. The second, carried out by the University of the Chamber of Commerce, interviewed 420 businessmen in and outside Bangkok. Third, a professor at the Thailand Development Research Institute (TDRI) examined corruption in government procurement. Fourth, Professor Pasuk's team at Chulalongkorn interviewed over 4000 heads of households across Thailand regarding their experiences of corruption and their perception of the quality of public services. The following picture has emerged from these and other studies. The quality of general public services is quite good, and most heads of households do not have significant problems with the way they are delivered. Businessmen, however, are constantly asked to pay bribes. 79% of the businessmen interviewed said that it is the normal state of affairs to be asked to pay, and most of them know the proper amount and method of payment in any given situation. The problems for businessmen and householders are concentrated in a small number of powerful departments dealing with large financial transactions and taxation such as the Land Department, the Customs Office, the Revenue Department, Transportation, and the Police. For heads of households, politicians and bureaucrats are equally corrupt, with MPs and the police getting equal marks as the most corrupt officials. However, the most serious problems related to corruption are collusion between politicians, high officials, and the private sector in the purchasing of public office, and collusion in the invention of public projects which may not be of public benefit but which will give monopoly profits to businesses and commission fees to officials and politicians. In other words, the Thai populace is often charged "corruption tax" in several ways, including kickbacks, monopoly pricing, substandard goods and services, and the misuse of public money.

As to the general level of corruption in Thailand, 10% of households said that they had paid bribes when visiting public offices, averaging 1000 baht per year per household. Of those involved in court cases over the last two years, 31% had been asked to pay bribes, averaging 30,000 baht per person per case, with payments going to the police, public prosecutors, judges, secretary and clerical staff of the court, and middle men. With regards to the buying of votes, 30% of voters said that they had been offered money for their vote, averaging 700 baht per household. A different survey found that 70% of voters had been offered bribes. Her team at Chulalongkorn is planning to redo their survey on household heads every two years in order to monitor the extent of corruption all over the country

from this perspective. In response to a question from Professor Suehiro, Professor Pasuk replied that her survey was done for the Civil Service Commission, but financed by a grant from the World Bank, and that the Commission has appreciated this opportunity to demonstrate the extent of the purchasing of positions in order to push politicians to implement reform.

**Professor Chris Baker** began his talk by stating that the Thai Parliament must be dissolved by the 17th of November, and Thailand will likely have an election in January. This will be an important and unusual election for three main reasons. First, it will be the first election since the passing of the 1997 constitution. Second, no previous parliament in Thailand has ever run its full course of four years. Third, this is also the first election since the 1997 economic crisis. Professor Baker stated that the conclusion of his talk would be that this will be the first time that a Thai election is primarily about about issues rather than the competition for power, and said that his talk would involve providing the background for that claim.

Thailand has had serious electoral politics since the early 1980s, with elections held in 1983, 1988, 1992, 1995, and 1996. These elections have been shaped by two factors in particular. First, the development of electoral politics took place after a period of military dictatorship, and the politicians to a large extent took over the dictatorship's governing apparatus. Second, most Thais live in the villages, but most of the money is in Bangkok, and as a result Thai politics has been dominated by urban politicians using pork barrel politics to gain the votes of rural voters. This pattern, he noted, is not dissimilar to that experienced in Japan twenty or thirty years ago. The result at the top is a very flexible party system with local political barons gathering together a small group of supporters in order to make a bid for a ministership, and using the income from that ministership for their reelection. Parties have thus largely been temporary interest coalitions competing for access to power rather than groups of politicians with shared ideological principles.

Given this background, why are the three ways in which this election will be unusual important? With respect to the new constitution, Professor Baker pointed out that it was generated during the 1990s by a movement which set out to put an end to pork barrel politics by reorganizing the format of Parliament. The constitution seeks to do this in four main ways. 1) Under the old constitution, there were 400 MPs elected by local constituencies, while the new parliament will include both these 400 and 100 MPs elected from a national party list. The idea behind this practice is to increase the number of MPs with a national rather than a local focus. 2) In the past, three MPs were elected from each constituency, while now each constituency will elect only one; as a result, constituencies are now only one third as large. 3) Most importantly, in the past elections were run by the notoriously corrupt Interior Ministry, and ballot box stuffing was common. Henceforth, elections will be run by

an independent election commission which has the power to cancel an election if it finds that there has been malpractice. In the Senate election held earlier this year, the new commission invalidated the results in some constituencies four times before finally accepting the fifth round of polling. 4) Under the old system, votes were counted in each individual polling station, and as a result a politician could see whether or not an individual village had voted for him and reward or punish the village accordingly. Now, votes will be pooled and counted on a constituency-wide basis. The new constitution also contains important provisions related to corruption which Professor Pasuk covered in her presentation.

In explaining why the four year gap between elections is likely to be important, Professor Baker argued that there will be a substantial generational change in this election, with up to two-thirds of the seats likely to change hands. This change will probably see a shift from the generation educated in the 1960s (during the Cold War) to that educated during the 1970s (a period of liberalization and of the early movement for democracy). Finally, Professor Baker claimed that the Asian crisis has enormously increased the level of interest in politics in Thai society. Many Thais have placed the blame for making the crisis worse on incompetent politicians who did not know how to cope with an economic crisis, and the importance of having the right people running the country has thus been brought home to many people. This increased interest in politics has led to increased participation in elections and other kinds of political activity. In the Senate election, for instance, the turnout was 50% higher than in any previous election held in Thailand, and even in constituencies which had their results cancelled several times turnout continued to be over 50%. A second reason that the crisis has been important is that certain specific groups have been made very discontented from the crisis. Many big businessmen feel that they suffered more from the crisis than they ought to have done if the government had been looking after them properly. A large number of small businessmen also suffered greatly, with huge numbers of small businesses simply wiped out by the crisis. Third, farmers did quite well at the start of the crisis as the value of the baht dropped, but their windfall profits lasted for only about 6 months, and subsequently agricultural prices have dropped rapidly. In addition, about one-third of rural income is earned by migrant labor, and that income has simply disappeared. This problem has been exacerbated by the return of many migrant laborers to their home villages as they have been unable to find work. As a result, for the last 18 months there has been a constant wave of rural demonstrations, demanding in particular that the government support crop prices, relieve agricultural debt, and give access to new reserves of land to the landless. For example, before the holding of the UNCTAD conference in December 1999 police were out on the radial roads leading into Bangkok ambushing cassava growers who were heading into the city to protest low cassava prices. In concluding this section of his talk, Professor Baker argued that these three factors - the new constitution, the four years that have elapsed since the last election, and the

economic crisis - are likely to make this election different from those that have gone before.

Professor Baker then turned to an explanation of the origins of the policy divide that has come to characterize party politics in Thailand. The 1990s saw a two-stage change in the nature of Thai political parties and political debate. In the early years of electoral politics, parties could be seen almost entirely as coalitions competing for power, but during the 1990s social and regional divisions have begun to emerge. A simplified view of this division places Bangkok and the South on one side, with the North, the Northeast, and the Center on the other. The difference largely comes down to economics, with Bangkok a modern, internationalized, and comparatively wealthy city, and the South a region of old coastal towns based on trade, plantation agriculture, and tourism. In the Center, the Northeast, and the North, however, the economy is still largely based on modernized peasant rice, sugar and cassava agriculture, with the urban areas still relatively small market towns servicing rural areas. Over the 1990s, this socioeconomic division began to be reflected in the party structure. The Democrat Party, which has been the dominant party during the 1990s, largely represented Bangkok and the South, while a shifting kaleidoscope of parties has represented the other three regions. While the Democrat Party has been involved in developing the modern and internationalized economy, the other parties were largely oriented to pulling resources from Bangkok into the rural areas.

Over the course of the economic crisis, this two-way division became more accentuated, more internationalized, and more ideological. The Democrat-led coalition, pushed into power at the start of the crisis by the urban constituency in order to rescue the modern economy from rural politicians, set out to be a good pupil of the IMF, cooperating closely in the implementation of the policy package required for managing the crisis. Over the last three years, opposition to the Democrats has coalesced into opposition to the kind of globalization represented by the IMF response to the crisis, particularly with regard to financial restructuring, liberalization, the transfer of assets to foreign companies, and political and social restructuring. This opposition developed in two or three stages. The first saw the growth of "business nationalism", a largely unsuccessful attempt by big businessmen in 1998 to raise a national defense against the IMF's plans. What developed over the longer term was a more diffuse cultural nationalism which originated in a speech made by the King in late 1997 calling on villagers to be more self-sufficient in order to weather the crisis. This strategy of self-reliance was subsequently transposed from the village to the national level and came to focus on strengthening the economy and putting conditions on Thailand's accommodation to globalization. Over the last year, these forces have coalesced around a new political party, Thai Rak Thai. Ironically, when this party was formed in late 1998 it was meant to be more modern than the Democrats, but it has evolved into a party opposed to globalization and appealing in particular to farmers and small businessmen. The party has adopted self-reliant rhetoric and developed its base in

the Center, the North, and the Northeast by attracting existing politicians from these areas through a combination of policy appeal and old-fashioned money politics.

The run-up to the election has thus witnessed, for the first time ever, a real policy debate in Thai politics. This debate is primarily between the Democrats, who continue to see no alternative for a country like Thailand except full accommodation to the forces of globalization, and Thai Rak Thai, which wants to put conditions on that accommodation. This basic division has expressed itself in a number of aspects of the policy debate. For instance, the Democrats have been closely associated with financial restructuring, while Thaksin has resisted the idea of dealing with the crisis solely from the point of view of a banker. The Democrats have focused on attracting external finance, while Thai Rak Thai wants to stimulate the real economy. The Democrats want to preserve external balance while Thai Rak Thai stresses domestic demand. The Democrats are moving towards the IMF/World Bank idea of the government as playing a strictly regulatory role, while Thai Rak Thai wants to see the government managing the economy and creating industrial policy. The Democrats appeal to big business and the middle class, while Thai Rak Thai appeal to small businesses and farmers. The divide even extends to cultural matters, with Democrat Party leader and Prime Minister Chuan Leekpai presenting the demeanor of a Thai bureaucrat, while Thaksin comes across as an aggressive businessman. Political deal making does, of course, complicate this simplified picture, but the basic policy divide is well-understood by most Thais.

Professor Baker concluded his talk with a set of predictions. Until a month ago everyone in Thailand was convinced that Thai Rak Thai would win the election, but since then the situation has become much less clear. It is very likely, as Professor Pasuk noted, that the Thai Rak Thai leader will be banned from politics, and there is also considerable concern regarding the practicality of many of the party's promises in the context of a large government deficit. Thaksin's program has also been vigorously opposed by the international financial community. However, while it's impossible to tell who will win the election, several important changes will certainly occur. First, there is going to be a significant change of personnel in parliament. Second, there will be very little change in Thailand's basic stance as an export-oriented, open economy, a stance the country has adopted for decades. However, whichever party is elected it's likely that there will be some distancing from the fulsome cooperation with the IMF that has characterized the last 2-3 years, and a move towards direct action to deal with the financial sector and to stimulate the real economy. Third, after this election there will be a very messy period of political change, because many remnants of the old system will remain and people will continue to fight for position. Whatever leader is elected, far too many promises have been made, and social groups in Thai politics like small businessmen and farmers will want to receive some support.



**Professor Suehiro** thanked both speakers for their very interesting and exciting presentations. In responding to Professor Pasuk's talk, he pointed out that her discussion was closely related to reforms initiated by the World Bank after the economic crisis. The World Bank has pursued four major sets of reforms in Thailand since the crisis: financial sector reform, corporate restructuring, reform of the government, and reform of the social safety net. In the first three years after the crisis the Bank focused primarily on the first two of these, but Professor Suehiro suggested that in 2000 the Bank has come to put increased stress on governmental reform. At present, a central topic is the planned reduction in civil service staff of 90,000 people (10% of the total). The World Bank has initiated a new program to privatize state enterprises, reduce the number of government officials, increase transparency in the government. He argued that these World Bank reforms have been very much connected to the anti-corruption movement, and he too is fascinated by the question of why these issues came to the forefront this year.

With regards to Professor Baker's presentation, Professor Suehiro noted that a new governor had been elected in Japan's Nagano Prefecture the previous day. The new governor, a young novelist, replaced a governor who had been in place for 13 years and had been a leader of a number of large projects including the Nagano Olympics. However, the people of Nagano seem to have refused the bribes involved in LDP-led investment. A similar situation exists in Tokyo, where Ishihara Shintaro, a writer, has been elected governor with a stance opposed to the central government. Professor Suehiro noted in particular that the head of the 82 Bank, a local bank in Nagano, was the biggest supporter of the novelist's candidacy. The general elections in Taiwan, Malaysia, and Indonesia have all shown new trends, and as a result there is a great deal of interest in what will happen in the Thai election as a barometer of what has changed not only in the economic field but also in the political and mental fields in Asian politics.

The floor was then opened to questions, and the first question was asked by **Professor Junji Nakagawa** of the Institute of Social Science. Professor Nakagawa noted that Professor Baker's description of Thailand's electoral politics reminded him strongly of the situation in Mexico in the 1990s. In Thailand, a divide has emerged between coalitions supporting and opposed to the IMF, and Professor Baker predicted that in the future Thai politicians will retreat from IMF-oriented policy. This, Professor Nakagawa argued, is democracy. In Mexico, however, a totally different situation has prevailed. Since the beginning of the 1982 debt crisis, the PRI has shown strict obedience to the IMF and has been an ideal pupil of the international financial institutions. Even after the recent presidential election which ended the 70-year rule of the PRI, the new President-elect is a better pupil of the IMF than had been previous presidents. In Mexico, there has been no dissidence against

IMF policy. In Mexico, then, there is no democracy. Professor Nakagawa thus wondered how this difference between Thailand and Mexico can be explained.

**Professor Kiichi Fujiwara** of the Southeast Asian Studies Center at Tokyo University introduced himself as a specialist in Philippine Studies. The erosion of trust in governing institutions noted by the speakers, he argued, is something that has accompanied the transition to formal democracy in many countries. This transition seems to erode public trust in government and to increase volatility in election results, with incumbents losing elections more often. This pattern can be seen in the Philippines (after Cha-Cha), in Thailand, and even in Indonesia. The question then is what can be concluded from this pattern. If the transition to further democracy leads to decreased public trust and increased volatility, that has an influence on the legitimacy of the existing system of governance in general. Current events in the Philippines are a case in point. Among the general observations that can be drawn from this pattern, he wished to ask about the relationship between the center and localities. In the Philippines, the erosion of trust in public institutions has seen a lessening of ties between central and local governments, with substantial implications. Thailand has been somewhat different in this respect, but he wanted to hear the speakers' observations.

**Kitti Prasirtsuk**, a Ph.D. candidate at the University of Berkeley and research student at the Institute of Social Science, observed that the Thai press and Thai people have come to pay increased attention to corruption among politicians, but that the more important topic in Thailand is bureaucratic corruption. Politicians at least redistribute some of their corrupt gains to villagers, while bureaucrats keep all of their illicit earnings for themselves. He also pointed out that while incompetent politicians have attracted much of the blame for the economic crisis, important bureaucratic agencies like the Central Bank also have very few well-qualified employees. The problem of attracting competent staff for the bureaucracy is quite severe, and Mr. Prasirtsuk noted that none of the able people of his generation had joined the bureaucracy. He also noted certain doubts regarding the role of NGOs and the press in Thai politics, pointing out that some of them are quite politicized and not necessarily reliable.

**Professor Pasuk** began her reply by stating that many people have a "funny" view of NGOs. NGOs, and particularly groups working for democracy and for consumer protection have become very important in Thailand and have also increased their independence. In particular, the group that collected 50,000 signatures to press for the resignation of the health minister was an NGO focused on traditional medicine that was trying to ensure that people receive good services from the health ministry. This NGO gained a good deal of support for their activities. NGOs have also been critical in their support for the new act to allocate radio and television frequencies in that they are countering

the influence of the military. The military has been attempting to sabotage the bill, and without the NGOs the bill would likely be much worse. They have also been central to the environmental movement. While some NGOs are less reliable than others, on the whole she feels that they are quite good. Similarly, the Thai press is much freer and more investigatively-oriented than the press in other countries in the region. While there is a certain problem of discipline in the Thai press, on the whole journalists are trying very hard to enforce quality control amongst themselves and have improved a great deal. Professor Pasuk thus suggested that she may feel more trust in NGOs and in the press than does Mr. Prasirtsuk.

As to the question of whether politicians or bureaucrats are more corrupt, while she agreed that bureaucrats are worse, she also mentioned that she is coming to the view that corrupt politicians have the ability to corrupt their ministries through their collusion with bureaucrats. A non-corrupt minister, she argued, can exert influence on the ministry to reduce corruption. Quoting the Thai saying that "if the head doesn't move the tail won't move," she stated that it is necessary to control the head, that is, the ministers. The present anti-corruption strategy is that the NCCC will concentrate on the head and the Field Service Commission will concentrate on the tail.

With regard to the comparison between Thailand and Mexico, Professor Pasuk argued that the main difference is that Mexico is so close to the United States. Mexico has received support from the US in joining the OECD, and the elite is now very clear that their future lies with the US and the OECD. In Mexico, a coalition of the US government, multinationals from the US and Europe, and local elites and technocrats has joined together in order to push the "Washington Consensus" and suppress local dissent. Thailand, however, is further from the US, and nearer to Japan (which is itself being controlled by the US). Thailand has an important strategic position in mainland Southeast Asia, being close to China and India. As a small country far from the US with Japan on one side and China on the other, the Thais have a certain room for maneuver that is denied to Mexico. In addition, Thailand has never been colonized, and thus the desire to maintain independence is much stronger in Thailand than it is in Mexico. Local movements are thus becoming stronger in Thailand, and there is also the possibility of regional cooperation. The countries of Latin America are already divided by American hegemony.

**Professor Baker** added that crisis management has been completely different in Mexico and Thailand. In Mexico, the bailout package was three times the size of that in Thailand, and the US government also brought American firms in to Mexico in support. When Laurence Summers was asked why support for Thailand from the United States was so small compared to that for Mexico, he replied that "Thailand is not on our border." Thailand essentially became a sideshow in the crisis and

local damage in Thailand has been much greater. With regard to the comparison between Thailand and the Philippines, he agreed that there is great volatility in both countries, but he felt more positive about this volatility in Thailand than Professor Fujiwara seemed to. In Thailand, there is growing interest in politics that suggests a certain degree of trust in the institutions, while there is growing distrust in the people who run those institutions. There is thus a degree of hope in the Thai system at the moment, though he doesn't expect that change will come about in only one election. As for the central-local relationship, he argued that there is a radical difference in political structure between the two countries. While the Philippines essentially has a patronage structure connecting localities and the center, Thailand still has an old colonial system of government through the bureaucracy. Thus, the governors of provinces in Thailand are still appointed bureaucrats on the model adopted from British India and the Dutch East Indies in the 1890s. At present, a degree of decentralization is being introduced.

Professor Pasuk then responded to Professor Suehiro's question as to why there is so much interest in corruption this year by arguing that the election is the primary cause. The election (and the crisis) have signaled that there is an opportunity to bring about change that must be seized. Many of the new laws in the Constitution have also been implemented this year, and the next government will have to institute further laws. There is thus a feeling that unless reform is pushed through quickly, the drive for reform may stall. The World Bank shares this view, and gave the grant to the Civil Service Commission for these strategic reasons.

The second round of questions began with **Professor xxname Nishida**, an expert on labor relations in Japan. Professor Nishida began by referring to his experience in an ODA project helping the University of Indonesia set up a center for Japanese studies and the two months that he spent in Jakarta working on this project. One of the difficulties he encountered in this project was that in the push for *reformasi*, there was an attempt to wipe out corruption among the leaders and the bureaucrats, but it was very difficult to find adequate replacements for them. The attempt to shake up the Supreme Court and to find honest judges, in particular, was extremely difficult. The Thais, in their attempt to set up a special court to deal with corruption, will face similar problems: unless they can find replacements for the corrupt, reforms will not work and nothing will change.

**Professor Takeo Kikkawa** of the Institute of Social Science then asked two questions. Professor Pasuk mentioned the concept of "good governance", one of the most important keywords in the Institute-wide project currently underway. He thus asked: What is good governance? For whom and for what? Second, Professor Baker noted that both big and small businesses were suffering from the crisis; Professor Pasuk noted that they were suffering from corruption. Professor Kikkawa thus

wondered whether there was some movement on the business side for reform. He also pointed out that in the Nagano case mentioned by Professor Suehiro, the 82 Bank is very famous because it has been untouched by the financial crisis in Japan. This is a very important point in the Nagano case.

**Professor namexx Komorida** of the Institute of Social Science also expressed interest in the problem of corruption. As an expert in Eastern European countries, he noted that corruption is also an enormously important topic there. Professor Pasuk had explained the forces, internal and external, that had brought corruption to the top of the agenda, and had discussed the extent of corruption. Professor Komorida wished to inquire into the *nature* of corruption, and wondered whether there has been any change in its character since the crisis. In relation to this question, he introduced the concept of "political capitalism" proposed by a famous Polish political scientist. In the period of transition from a planned to a market economy, one of the most important sources of capital accumulation is access to the power structure, for example through the process of "spontaneous" privatization. Many journalists have accepted this notion, noting for instance that ruling political parties can distribute posts in new private enterprises among their supporters. In this case, corruption is closely connected to the character of transition.

**Professor Pasuk** responded to the question on Eastern Europe by noting that corruption is a very difficult problem in transition economies because it is part and parcel of the accumulation process. However, one needs to make a distinction between corruption that is an aspect of capital accumulation and that which comes under the rubric of good governance and good public services. It is possible to have a political process of capital accumulation going on while also providing a reasonably good level of public services in order to keep people happy. In Eastern Europe, however, the entire judicial and public services system collapsed. In contrast, in Thailand in the 1960s and 1970s the military and high-ranking officers colluded with businessmen in the process of capital accumulation while making sure that general public services were reasonably good. In the 1980s, civil society grew and became increasingly dissatisfied with this system, and hoped that a democratic transformation would eliminate it. The military have in fact been pushed out, but their role has simply been taken over by the MPs. However, under democracy it is necessary to operate in the eye of the media, so civil society can play a role in trying to push for reform. This is the situation in Thailand right now.

**Professor Baker** responded to the question of good governance by explaining that the phrase "good governance" entered Thailand with the crisis and the beginning of World Bank aid and became closely identified with World Bank/IMF programs. When the reaction against these policies began, the word was also challenged, and in 1998 there was a debate over how to translate the term into

Thai and over what it meant. One interpretation was seen to denote stronger government which will be able to clean things up, while the other side argued that Thailand has seen quite enough of strong government and that what the country needs is cleaner, more transparent, and more responsive government. As a result of this controversy, the term "good governance" has been pushed out of public debate in Thailand, to be replaced by terms like "corruption" and "participation" which are more easily understandable.

**Professor Pasuk** responded to Professor Nishida's question regarding the difficulty of finding replacements for corrupt officials by noting that it is a general problem. In Thailand, for instance, a minister of the Interior was once pressed to reform the police, and responded that if he carried out the reform he would no longer have any police to use. Central to this kind of problem is the question of amnesty. If one is really serious about reform, it's necessary to set a date and say that from that time forward previous wrongs will be forgotten and subsequent wrongs will not be tolerated. In the Indonesian and other cases, it is not possible to move quickly on the topic of corruption. It is necessary to rally public support for long enough to convince the people in charge that they really need to change or else will face riots. In addition, reform cannot be implemented everywhere, or else there will be no replacements. It must be implemented bit by bit. Professor Pasuk has been attempting to suggest the topic of amnesty to the Thai police for 5 or 6 years, but she argues that it is necessary to wait for a positive sign of willingness to reform from within the police. Thailand is still waiting for such a sign, and public agitation is growing. The previous councilor, Prem Thinsulanond, ex-Prime Minister of Thailand, recently made a speech at a seminar. He claimed in this speech that corruption in Thailand is now reaching intolerable levels, a statement widely reported in the press. This statement has been widely seen as a warning to the police that corruption must be reduced at least to "tolerable" levels. Another high-ranking official commenting on the riots against the police in the South over the demands that people pay informal tax to the police argued that this is a sign that there will be riots at hand if corruption is not reduced.

**Professor Baker** added that there is no doubt that the crisis has reduced the tolerance for corruption in Thailand. Many of the movements mentioned by Professor Pasuk have in fact come from small businessmen who no longer find acceptable levels of corruption that they were able to stand prior to the conference. The only exception has been the recent 2-day conference of architects and contractors detailing precisely what kinds of corruption they are forced to pay. This is the first time business has come out explicitly in this way, though they still stopped short of naming names.

**Professor Pasuk** added that she is very interesting in comparing corruption in the construction industry in Japan and in Thailand. In Japan, the construction industry pays politicians. The outcry in

Thailand is the result of reduced spending on construction after the crisis and the increased competition for contracts that has resulted. Powerful contractors have used their contacts with politicians to monopolize contracting and to find a shortcut around the process of collusive bidding. They have thus changed the rules of the game by paying government officials to change specifications in contracts in order to favor one particular firm. There have even been cases of gangsters being used to stop firms from entering the bidding. The biggest of these cases is the competition over the construction of the new international airport, and has involved a Japanese firm. Indeed, the grant to draw up the specifications for the project was provided by JICA.

( 記録 Derek Hall )

**Postscript: The Election Result** (Professor Phongpaichit , Professor Baker) [5 February 2001]

The Thai general election was held on 6 January 2001. Turnout was just below 70percent. Immediately after results were announced, there were protests about vote-buying and irregularities in the ballot process in almost every province. Some of these protests came from genuinely concerned citizens, some from disappointed candidates, and some from gamblers who had lost money. In several places, police had to be mobilised to control angry crowds. The Election Commission is bound by the constitution to certify MPs for all 500 seats within 30 days. Hence its ability to investigate all these complaints was limited. The Commission issued 8 'red cards', disqualifying the election winner (and banning from politics for one year), and another 54 'yellow cards' requiring an immediate re-election. Because the Commission would have no time to issue another round of red and yellow cards, this second round of polling was even more controversial. In several constituencies, soldiers were called in to count the votes, and in one constituency a third round of voting was required at some polling stations. The full parliament was convened officially on 5 February. But the Election Commission may still bring charges to disqualify MPs at some later date.

The Thai Rak Thai party won 200 of the 400 territorial constituencies, and 48 of the 100 party list seats, thus falling only just short of an absolute majority. In previous Thai elections, no single party has won more than one third of seats, so this was an overwhelming victory. Full results were as follows:

	Territorial	Party list	Total
Thai Rak Thai	200	48	248
Democrat	97	31	128
Chat Thai	35	6	41

New Aspiration	28	8	36
Chat Pattana	22	7	29
Seritham	14		14
Rassadorn	2		2
Social Action	1		1
Thin Thai	1		1
Total	400	100	500

Just under half of all MPs are new faces (198 from the territorial constituencies, 47 from the party list). Many sitting MPs were defeated, including many very established political families in the provinces. The new electoral rules contributed to these defeats in three ways. First, many voters knew the new counting system meant their choice was truly secret. Second, ballot-stuffing was more difficult. At the last election, the Asavahame family were convicted of stuffing 20,000 votes, but escaped punishment on a legal technicality. This time their Samut Prakarn constituency was under intense scrutiny. Wattana Asavahame's two sons, brother, and daughter-in-law all lost, while Wattana and his old cronies failed on the party list. In a truly touching post-election scene, the Asavahame clan petitioned the Election Commission about their opponents electoral malpractice. Third, splitting the constituencies from multi to single member also split up old gangs. In many provinces, two sitting MPs fought over the main town seat. One had to lose, while new faces were elected in the outer constituencies.

Some old-guard politicians survived because they had switched parties to Thai Rak Thai (TRT). But a few big provincial families did well without the TRT flag and against this trend. The Silpa-archa clan and allies were rock solid in Suphanburi and the surrounding area. Kamnan Pho sulked about losing one Chonburi seat, but his relatives and allies swept the rest. The Chidchop family was more wobbly. Newin crashed on the party list, while his brother and four allies were beaten. Yet this group still kept eight seats in Buriram and the surrounding area. What made these few places different from the others? Probably they have delivered budget funds into their backyards in big amounts over a long time. Banharn's transformation of Suphanburi is legendary (Banharn was a Prime Minister between July 1995 and November 1996). Chai Chidchop hardly uttered a word in parliament, but always got himself on the house budget committee. His son Newin boasted how he used the deputy finance ministership to get Buriram more than its fair share. Kamnan Pho opened this election campaign by making a similar boast to the citizens of Chonburi.

The massacre of the old guard has also meant a massacre of old parties. Solidari and Muanchon retired before the contest. Prachakorn Thai, Rassadorn and Social Action have been wiped away. Seritham is hanging by a thread. Even Chat Thai, one of the oldest parties, is badly battered. The second touching post-election scene was Banharn sobbing on live TV when his party list seemed



fated for oblivion.

All this has left Thailand with a new political map which can be described in three parts. First, there is an extended Greater Bangkok, consisting of the city and five surrounding provinces. For the first time ever, this centre voted the same way as the provinces. The division of seats between TRT, Democrats and others roughly copies the national pattern. Next, there are seven 'islands'. Most of these are the bases of the few surviving big political families. One on the north-western border belongs to the Democrats, and is the political legacy of Sanan Kachornprasat. The other six are the final fortresses of the surviving old parties. New Aspiration Party has two in Greater Nakhon Phanom (16 seats) and in the Muslim far south (6). These are the fading footnotes to General Chavalit's military career. Chat Thai has three in Greater Chonburi (7), Greater Suphanburi (20), and Greater Buriram (8). These are the family fiefs of Khunpleum, Silpa-archa and Chidchop. Chat Pattana is reduced to the party founder's base in Greater Korat (12). Outside these fiefdoms, these three parties together won only about 16 seats. They are no longer national parties, but small chains of isolated family-owned islands.

The remainder of the country is divided starkly at the Bangkok Fault. This is an arc drawn through Bangkok and sloping away to east and west. South of this line, the Democrat party won around 57 and lost only 5; to the north, TRT won around 165 and lost around 40 (excluding the islands). The Democrats have had a southern base for twenty-five years, and other parties in the past have been regionally biased. But never has the electoral map been sliced quite so starkly. Moreover, the Bangkok Fault divides the old from the new. The Democrat party fielded rather few new candidates. Only a third of their MPs are new blood, and their average age is around 50. The Democrats are now the old guard of Thai politics. By contrast, north of the Bangkok Fault (and excluding the islands), over half of MPs are new. Thai Rak Thai is really two parties of almost equal size. The first is a bunch of new faces with an average age around 38. The second are the old & guard politicians who switch parties to stay in the ruling coalition. Their average age is about 55. The first grew up in the cold war, the second in the globalising boom.

To ensure a strong majority of 325 seats, Thai Rak Thai (TRT) has entered into a coalition alliance with the Chat Thai and New Aspiration parties. TRT will have 28 cabinet seats, while the other two parties will have 4 each. Since the election, TRT leader Thaksin Shinawatra has stressed his commitment to a policy platform designed to help the farmers and small businessmen. However, many observers expect his government to tilt towards big business. Thaksin himself is one of Thailand's richest individual businessmen. His party MPs include the biggest shareholding family (Maleenon) and several other big business families. Before the poll, TRT was endorsed by the biggest bank (Bangkok Bank) and the biggest business conglomerate (Charoen Pokphand or CP Group).