

Shinawatra's Second Chance?

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On April 5th, 2023 Paethongtarn Shinawatra was selected as one of three prime ministerial candidates of the Pheu Thai Party (PTP). PTP is the successor to Thai Rak Thai (TRT), the populist party established by Paenthongtarn's father, Thaksin, in 1998. Thaksin is an oligarch who became Thailand's prime minister in 2001, and was deposed in a military coup in 2006. Although he remained wealthy, Thaksin has been living in exile in a mansion in Dubai's Emirates Hills area since the coup. He was joined there by his sister Yingluck, who also served as prime minister from 2011 to 2014 before being removed in another military coup. Thaksin is eager to regain political power in Thailand through his daughter's election. However, the pathway to power is even more fraught in 2023 than it was in 2001.

Making Money the Old-Fashioned Way in Thailand

Like some other oligarchs, Thaksin is descended from both wealth and political connections, if not downright power. Born near Thailand's second city of Chiang Mai in 1949, Thaksin grew up in a world of business on his father's side and connections to local royalty on his mother's side. What he figured out, somehow, was that the way to make money in Thailand was the old-fashioned way: join the police.

The Thai military and police had been a major conduit for business since World War II. This was especially true for families with a Chinese dimension, as Thaksin's had. Military or police involvement helped to keep European or American competition out of the market.¹ So Thaksin was on firm ground when he enrolled in the Armed Forces Academies Preparatory School, which then led to his enrollment in the Thai Police Cadet Academy. Upon graduation from the academy in 1973, Thaksin went to the States. He graduated with a master's degree in criminal justice from Eastern Kentucky University in 1975, then returned to Thailand as a lecturer at the Royal Thai Police Academy.

And began his career properly...by marrying up. His wife was the sister of a police general. Husband and wife worked together on several businesses, but all of them failed. In the interim, he managed somehow to get back to the States a second time to earn a Ph.D. in criminal justice from Sam Houston State University.

¹ Studwell, J. (2007). *Asian godfathers: Money and power in Hong Kong and Southeast Asia*. Atlantic Monthly.

In 1982 Thaksin began to get some traction in business with a startup that leased computers to government agencies. Four years later, he established a second government-connected business, Advanced Info Service (AIS), which morphed into a mobile telephone provider with a monopoly contract from the military. Connections helped.

With that first step on the ladder to wealth, Thaksin left the police in 1987 and founded Shinawatra Computer and Communications Group. He made moves into both paging and cable TV, although these were less successful. He added data networking and communications satellites, then consolidated his businesses and listed the group on the Bangkok stock exchange.

While he continued to add to his businesses, Thaksin now altered his wealth generating strategy. He moved into politics.

Gaining Power, Then Losing It

Thaksin's first major step to power happened in 1994, when he became foreign minister in the government of Chuan Leekpai. He moved up next year to become deputy prime minister in successor governments, responsible for the poisoned chalice of Bangkok traffic.

In 1997 the Asian financial crisis slammed into the Thai economy. The Thai baht devalued and...Thaksin's firms were the only ones that were hedged against devaluation. The finance minister had been his former banker and employee. Hmmm. Power and wealth truly intermingled.

But Thaksin had greater ambitions than just making money. He wanted to change Thai society, or at least surf on the discontent of those Thai citizens left behind by the financial crisis or who were forgotten in rural areas. In 1998 he co-founded TRT to pursue his ambitions.² He sold TRT as a representative of entrepreneurs, small business, and the rural poor, but also attracted support for several other oligarchs.

Studwell (2007) asserts that Thaksin's decision to create TRT made him a cash billionaire. In 2001 it also made him the second most powerful person in Thailand. TRT won the national elections that year and 248 of the 500 seats in parliament. Thaksin became prime minister. He was the first prime minister to serve a full term, and he was re-elected in 2005 with an even larger parliamentary majority and the largest voter turnout in Thai history.

² David is connected to one of the other co-founders of TRT.

Then he made two mistakes. First, he didn't keep his fellow oligarchs happy. And, second, he didn't take seriously the middle class opposition to his populist policies, particularly in Bangkok.

And then he made a third, fatal, error. He sold his stake in his company, Shin Corporation, to Singapore's widely despised investment company, Temasek. He netted \$1.88 billion tax-free. Protests were followed by parliament's dissolution and new elections. But the elections, while returning TRT with an even higher majority, were widely boycotted. This led to Thaksin resigning, but before new elections could be held, the military took power.

Thaksin was abroad when the coup occurred, but the impact was still massive. His assets were frozen, tax evasion charges filed against family members, and a conviction of two years in prison for a violation of conflict of interest rules was announced. He bounced around in search of a new base—Beijing, UK, Bahamas, Nicaragua, Germany, Cambodia—before settling in oligarch-friendly Dubai.

But he was not done with Thailand. As mentioned earlier, his sister was elected prime minister in 2011 and then deposed by the military in 2014. A political party linked to Thaksin nominated the king's sister for prime minister in 2019, but she was quickly disqualified. Nonetheless, he did not give up, strategizing about how to return to power. When the military-led government announced elections for 2023, years of preparation began to pay off. His daughter Paethongtarn emerged as PTP's lead choice for prime minister, most likely because of her father's money and influence. Yet, while PTP is projected to win the largest number of votes in the May 2023 election, it is by no means clear how they will translate that outcome into a government led by another Shinawatra. The military dominates the senate, which along with the parliament, determines the prime minister. And, of course, the mercurial king Rama X³ must approve the final choice.

What To Do?

Thaksin faced a strategic fork in the road:

1. If his daughter is named as prime minister, what are the next wealth generating and political moves should he make?
2. If his daughter's party attracts the largest number of votes, but she is not named prime minister, what should he do next?

³ It is a crime in Thailand to refer to the king in a negative way.

3. And, if her party doesn't emerge with the largest number of votes, how can he get back in the game in Thailand? Or should he?

Thaksin is 73 years old. He lives alone; he and his wife divorced long ago. Aside from Paethongtarn, his other children have been...well, a bit disappointing. As night falls again in his Dubai mansion, Thaksin thinks: what should I do?