

**Comparing the Economic Challenges to
Democratic Consolidation in Thailand and the Philippines**

by

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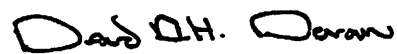
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“Isn’t it pretty to think so?”

—Ernest Hemingway

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Abstract

In the late 1980s and early 1990s in the Philippines and Thailand, democratic elections replaced a dictatorship and a military junta respectively. These were moments of great political promise set against a similar context of increasing (or potential) economic growth. By 2018, Thailand has again undergone social unrest and military coups by a junta that is still in power, while the Philippines has elected a president that applauds extrajudicial killings, the harassment of journalists, and other human rights abuses. In endeavoring to answer the fundamental question of “why,” this thesis identifies the following five factors that have played a critical part in the failure of democracy—in a maximalist sense of the term—in both of these countries to consolidate: 1) political systems based on economic patronage, 2) ensuing widespread corruption that undermines state legitimacy and the democratic process, 3) unequal distribution of wealth despite rapid economic growth, 4) the vulnerability of these countries to external economic shocks, and 5) the regional dynamic of a rising China that has reduced reliance on the United States and its associated valued-based contingencies. “Third wave” democratic transitions in these countries very much represented a return to the *status quo ante* in terms of elite/non-elite relations. The failure of democratic consolidation in Thailand and the Philippines is due, then, to the intertwined political and economic systems that do not reflect the equitable values of a maximalist definition of democracy.

I: Introduction

Following tumultuous processes of decolonization and nation-state formation during the twentieth century, the countries of Southeast Asia currently present a wide variation of regime-type outcomes. Authoritarian regimes endure in Vietnam and Laos through communist control, and in Brunei Darussalam as an absolute monarchy. Myanmar is currently emerging from a decades-long period of closed military control and faces significant challenges ahead. In Cambodia, Malaysia, and Singapore a host of competitive authoritarian or illiberal practices prevent these countries from achieving status as electoral democracies. Indonesia remains as a strong, more recent democracy that has made large gains since the fall of the authoritarian Suharto regime in 1998 but that currently faces a split between moderate and hardline religious political factions. The Philippines and Thailand stand as two countries in Southeast Asia with the longest traditions of electoral democracy; however, in recent years, both of these nations have experienced major regressions.

After a period of political instability and military coups in 2006 and 2014, a military junta under Prime Minister (and former general) Prayuth Chan-o-cha currently controls Thailand. In the Philippines, President Rodrigo Duterte, while democratically elected in 2016, openly promotes human rights abuses such as the extrajudicial killings of drug dealers and users to combat trafficking. Furthermore, while both nations have been long-standing treaty-allies of the United States in the post-World War II era, their recent foreign policy orientations appear to have shifted away from the United States and towards a rising China. Although the United States' treaty relations with Thailand date back to 1833 and the U.S.-Philippine colonial legacy has resulted in many Philippine political institutions having been created on the basis of U.S. models, U.S. influence in these nations appears increasingly diminished. Why, then, have these two

countries experienced a decline in democracy and foreign policy shifts away from the United States?

This research question is particularly salient in two regards: it seeks a sound analytical framework for addressing and understanding unfolding political events in one of the world's most important geopolitical and economic crossroads while also engaging in key theoretical debates on democratization and democratic consolidation. In assessing the major-power contexts that dominate regional politics, this thesis intends to focus on the internal dynamics of Thai and Philippine political economies that have led to unique Thai and Philippine interests. This means that in attempting to determine the similar factors that have led to a decline in democracy in both countries, this thesis will also leave room, via qualitative analysis, for the nuances particular to each. The Philippines, for example, has a much deeper experience with democracy, whereas Thailand's monarchy presents an often-opaque differentiating factor. Much scholarship in the past has focused on single-country studies rather than comparative ones due to the regional regime-type diversity mentioned above. Religious differences, gaps in economic development, and varying colonial legacies are other factors that have inhibited these comparative studies. This has had the effect of creating a deep catalogue of country-specific studies that engages with theoretical literature on democratization in a case-by-case fashion. It is this diversity, however, that makes Southeast Asia such an interesting area in which to create comparative studies. This thesis, then, sees a tremendous amount of promise in the area of comparative politics in Southeast Asia—attempting to draw from, or engage with, these debates when possible.

The theoretical core of this thesis will deal with the influence of economic factors on political stability and processes of democratization. As such, it will function as a political economy analysis of the case studies. More specifically, it will pose the following theoretical

questions: Why do states transition to democracy? What is the role of economic growth in initiating, or maintaining, democratic transitions? How can we disaggregate economic factors beyond GDP growth? In what ways do these factors create stability, or instability, in processes of democratization? Why do transitioning democracies with growing economies fail to consolidate? To this end, it will look at both internal and external factors contributing to waves of democratization (such as Huntington's proposals of economic growth and expanding middle classes, legitimacy problems for authoritarian regimes, "snowballing", and external forces) as well as "reverse waves," in which unfavorable underlying conditions prevent democracies from sustaining. (In these reverse waves, democracies transition backward into authoritarianism.) Additionally, this thesis will discuss minimalist and maximalist definitions of democracy itself to clarify our understanding of democratic transitions and consolidation—as a minimalist definition may be useful for establishing a tradition of electoral democracy within a given country but not for evaluating its quality or durability. In doing so this thesis does not seek to make a value judgment on the desirability of democracy as a universal form of government, but rather an objective study of how economic factors such as growth, crisis, inequality, corruption, or regionalized employment affect political stability, and thus democratic transitions and consolidation.

My thesis will assert that while the Philippines and Thailand have two of the longest-standing and strongest traditions of democracy in Southeast Asia, these democracies have not fully consolidated—and that this failure is due in large part to intertwined political and economic systems that do not reflect the equitable values of a maximalist definition of democracy. While the regular occurrence of elections has established a tradition of democratic forms in a country, they do not constitute a fully consolidated democratic polity. My thesis will identify the following

as the key factors that have prevented the consolidation of democracy, created instability, and enabled the rise of authoritarian figures: 1) political systems based on economic patronage, 2) ensuing widespread corruption that undermines state legitimacy and the democratic process, 3) unequal distribution of wealth despite rapid economic growth, 4) the vulnerability of these countries to external economic shocks, and 5) the regional dynamic of a rising China that has reduced reliance on the United States and its associated valued-based contingencies.¹ Looking at these factors will allow the similarities in how the current political situations in both countries have occurred, to situate these countries in debates on third wave democratization and consolidation, and to analyze their responses to the regional competition between the United States and China.

¹ It must be noted that U.S. foreign policy has historically been caught between values-based motivations and those of *realpolitik*. Thus, at various times, the U.S. has been willing to support non-democratic regimes in both Thailand and the Philippines, such as the dictatorships and coups of the Cold War that were viewed as decidedly anti-communist. In relation to China, the United States places a greater emphasis on democratic values and human rights, and the foreign policy complications this creates for both states will be discussed in greater detail below.

II: Literature Review

In examining Thailand and the Philippines as case studies in the decline of democracy in Southeast Asia, we are dealing with two highly specific cases that exist within particular regional and temporal contexts. They produce second-order questions unique to these contexts: Why were Thailand and the Philippines outliers of democratization in Southeast Asia the first place? How were they able to maintain these initial transitions? How have their relations with shared global/regional powers (i.e. the United States and China) affected their inability to consolidate their democracies? Before addressing these more specific questions, however, it is most instructive to first discuss democratization and democratic consolidation from a macro-theoretical level.

Larger theoretical questions posed within the literature of democratization ask: What are the causal factors that contribute to democratization in a given polity? Why do countries move towards democracy and away from authoritarianism, specifically? Should we prioritize domestic or international factors in our research? Can we recognize global, or regional, patterns in democratization? Indeed, strong debates have centered on whether individual factors contribute directly to democratic transitions or, instead, only correlate with them. Within the literature of democratization, different scholars have debated the degrees of emphasis researchers should place on a number of primary factors causing (or preventing) democratic transitions: modernization (Lipset, 1959) and economic development (Przeworski et al., 2000; Robinson, 2001, 2005; Diamond, 2003; Boix, 2003; Stokes, 2003; Epstein, 2006), natural resources (Barro, 1996; Ross, 2001; Fish, 2002; Dunning, 2006), colonial heritage (Weiner, 1987; Payne, 1993), heavily religious populations (Anderson, 1987; Crystal, 1995), social inequality (Acemoglu and

Robinson, 2001, 2005), or outside pressures (Pevehouse, 2002).² Almond and Verba (1963) popularized the theory that different societies may have distinct civic and political cultures that do not necessarily “fit” with democracy (political culture theory).³ Pye, Weiner, and Binder similarly contributed to this theory in the 1965 collection *Political Culture and Political Development*, which argued that “in any particular community there is a limited and distinct political culture which gives meaning, predictability, and form to the political process.”⁴ This thesis identifies debates on economic development as the most crucial and heavily debated factor as it creates the material reality in which all other factors function.

Lipset’s modernization theory asserts that economic development is a causal precondition for democratization as it also entails high levels of industrialization, urbanization, and, importantly, education. “Although various indices have been presented separately, it seems clear that the factors of industrialization, urbanization, wealth, and education, are so closely interrelated as to form one common factor. And the factors subsumed under economic development carry with it the political correlate of democracy.”⁵ Przeworski et al. (hereafter referenced Przeworski), however, clarify Lipset by distinguishing that, while economic development may enable democratic regimes to sustain themselves, it is not a causal factor in their initial emergence. According to Przeworski, economic development may serve as a “ripe” condition for democracy, but the outcomes of political conflict are far too indeterminate for economic development to serve as the sole predictive factor. Thus, “modernization theory appears to have little, if any, explanatory power.”⁶ Still, for Przeworski, economic development

² Geddes, “What Causes Democratization?,” 318-319.

³ Almond and Verba, *The Civic Culture*, 34.

⁴ Pye, “Political Culture and Political Development,” 7.

⁵ Lipset, “Some Social Requisites of Democracy,” 80.

⁶ Przeworski et al., *Democracy and Development*, 137.

does allow for a predictive analysis when dealing with wealthy/poor democracies—as poor democracies are more likely to slip back into authoritarianism, while rich ones are not.

Przeworski's assertions have also been challenged. Boix and Stokes challenge that economic development is an important predictor of democratization and that this is statistically apparent even within Przeworski's own work.⁷ Epstein et al. (hereafter Epstein) reassert the validity of modernization theory, adding that economic development is a strong predictive indicator of transitions into and out of partial democracy (i.e. flawed democracy), but holds less predictive power in a more binary formula looking at transitions from full authoritarianism to full democracy.⁸ Indeed, Epstein's contribution is particularly useful for the added nuance that the intermediate category of “partial democracy” brings—as opposed to the stricter dichotomy of Przeworski's model.

Economic development as measured by GDP growth alone, however, is not sufficient to explain *how* economic growth functions within an authoritarian regime to produce transitions towards democracy. Acemoglu and Robinson emphasize the importance of rich/poor social relations (i.e. elite/non-elite divisions) to explain the conditions in which elites in nondemocratic societies either make democratic concessions or assert their hold on power more firmly. In periods of crisis, when non-elites pose a revolutionary threat to elites, elites are more likely to make democratic concessions as the less-costly option to their own interests. Resultant democratic transitions (and their associated economically redistributive policies) are not necessarily permanent, however, as elites may choose to retake power (via coup) during the reform period due to the potential losses they face in the form of increased taxation enacted by

⁷ Boix and Stokes, “Endogenous Democratization,” 518.

⁸ Epstein et al., “Democratic Transitions,” 552.

the newly enfranchised non-elite constituency.⁹ Thus, “inequality emerges as a crucial determinant of political instability because it encourages the rich to contest power in democracies, and also often encourages social unrest in nondemocratic societies.”¹⁰ Their theory agrees with, and builds upon, Przeworski’s assertion that economic growth is a predictive indicator of sustained democracy by adding that this economic growth must also be distributed equally within a society for it to remain stable. It is important for this thesis, then, not only to observe a case study country’s overall economic growth, but also how this growth’s distribution within society plays into existing dynamics of inequality.

A different understanding of how economic inequality within a country interacts with elite actors’ willingness to offer democratic concessions comes from de Mesquita et al. (hereafter Mesquita). In this model, called “selectorate theory,” coalitions (the aforementioned “selectorate”) support a leader in order to reap the rewards of taxation policies. Whereas for Acemoglu and Robinson elites stand to lose from taxation policies relative to the non-elites that will gain from them in terms of public goods and services (and how this conditions their behavior), for Mesquita elites seek to benefit by maximizing their gains from discretionary tax revenues (subject to payments necessary to maintain the support of their coalition).¹¹ This framework is important for redefining the role of revolutions/social movements against the incumbent regime. Rather than seeking to address economic inequality in ways that benefit non-elites as a whole, this model shows revolutions may also simply replace one coalition seeking to enrich its narrow constituency with another, formerly excluded, coalition now looking to similarly enrich own supporters. Like Acemoglu and Robinson, the selectorate theory model

⁹ Acemoglu and Robinson, “A Theory of Political Transitions,” 939.

¹⁰ Ibid., 957.

¹¹ Mesquita et al., *The Logic of Political Survival*, 140-141.

adds to the ways in which we can see political instability resulting from democratic transitions in polities featuring high levels of economic inequality.

Geddes, however, proposes a “disaggregation” of causal factors in democratization—that no *one* factor serves as a universal predictor. “It would be useful to consider the possibility that processes of democratization might be different in different contexts, that these differences might be systematic, and that developing a theoretical understanding of these differences would lead to useful empirical results and a better understanding of how transitions really take place.”¹² Factors that help to contextualize a given transition include what type of regime a given democratic transition will replace, the historical epoch in which the transition in question takes place, changes in the international economy since the debt crisis of the 1980s, or fundamental shifts in the international order (and thus external pressures) since the end of the Cold War. For example, military regimes tend to breakdown in more orderly and negotiated ways (as military elites wish to “return to the barracks”) leading to contested elections; whereas, single-party regimes attempt to cling to power by inviting moderate factions to participate in government institutions, while still excluding what it considers to be more radical political opponents. Personalistic dictatorial regimes, however, are more likely to be replaced by similarly personalistic regimes than by democracy.¹³ While Geddes uses these examples to illustrate her central point regarding the worth of disaggregation, she clarifies that disaggregation is not limited in scope to the examples presented in her work.

Geddes’ emphasis on the consideration of when a given democratic transition occurs necessarily brings us to Huntington’s work on “waves” of democracy, in which large occurrences of democratization within a specific period of time giving rise to pattern across the

¹² Geddes, “What Causes Democratization?,” 329-330.

¹³ *Ibid.*, 334.

globe. Huntington identifies three waves: from the 1820s-1926, 1945-1962, and 1974-1990s. These waves were also accompanied by subsequent “reverse waves” in which democracies slipped into authoritarianism. For the purposes of this thesis, we are most concerned with the transitions of “third wave” democracies. Huntington argues that five key factors have contributed to the rise of third wave democracies: crises of legitimacy for authoritarian regimes; the economic growth of the 1960s that increased the size of educated, urban middle classes around the world; reforms within the Catholic Church that shifted it from a supporter of the status quo to a challenger of authoritarianism; shifts within the international order (specifically the United States and the Soviet Union); and “snowballing,” in which initial transition within the wave provide a model inspiring subsequent transitions.¹⁴ Though written during the third wave itself, Huntington raises two important points for the contemporary scholar: to identify the occurrence of reverse waves within the third wave and to question the role of external forces—specifically the United States. Even in 1991, in the heyday of post-Cold War triumphalism, Huntington notes the limitations of the United States’ role in promoting democracy abroad. “If people around the world come to see the United States as a fading power beset by political stagnation, economic inefficiency, and social chaos, its perceived failures will inevitably be seen as the failures of democracy, and the worldwide appeal of democracy will diminish.”¹⁵ This observation remains strikingly apt in 2018.

Beyond the question of initial democratic transition, however, is the subsequent issue of democratic consolidation. Acemoglu and Robinson define a consolidated democracy as one in which the “set of institutions that characterize it endure through time,” despite the contestation of

¹⁴ Huntington, “Democracy’s Third Wave,” 13.

¹⁵ *Ibid.*, 15-16.

power between elites and non-elites.¹⁶ Linz and Stepan refer to consolidation as when democratic institutions and procedures are seen as “the only game in town”—that is, that actors only pursue political objectives through the democratic parameters outlined within a constitution and that these parameters are widely accepted by the general population.¹⁷ Dahl points out that in order for democracy to survive as “the only game in town” during a severe crisis, strong institutions alone are not enough to sustain it—two key norms must also be developed: civilian control of the military and police, and the tolerance of conflicting views and beliefs.¹⁸ Dahl also notes that economic development alone (via a liberalized market economy) is not necessary for the existence of a strong democratic culture. O’Donnell, however, sees little analytical gain in the terminology of “consolidated” as it teleologically implies an enduring achievement that is not necessarily guaranteed. O’Donnell refers back to Dahl in order to expand his definition of democracy—preferring the term “polyarchy”—to include the following attributes: elected officials; free and fair elections; inclusive suffrage; the right to run for office; freedom of expression; alternative information; associational autonomy; the completion of constitutionally mandated terms; and that elected officials are not subject to overly limiting constraints (such as vetoes or the prerogatives of the military).¹⁹ Munck and Verkuilen warn, on the one hand, that maximalist definitions of democracy can potentially overburden the concept itself, rendering it empirically and analytically useless. On the other hand, minimalist definitions create narrow categorizations that can potentially gloss over substantial nuances for the sake of analytical efficiency.²⁰

¹⁶ Acemoglu and Robinson, *Economic Origins of Dictatorship and Democracy*, 30.

¹⁷ Linz and Stepan, “Toward Consolidated Democracies,” 14-15.

¹⁸ Dahl, “Development and Democratic Culture,” 35-36.

¹⁹ O’Donnell, “Illusions about Consolidation,” 34-37.

²⁰ Munck and Verkuilen, “Conceptualizing and Measuring Democracy,” 9.

Thus, we can see the worth of Geddes call for disaggregation (present in Epstein, Dahl, and O'Donnell) as a curative to the narrower confines of minimalist or binary conceptions of authoritarianism and democracy (as seen in Przeworski). In line with the theoretical literature established above, this thesis will attempt to situate the case studies of Thailand and the Philippines within the debates of economic development and partial regimes, the impact of internal and external factors, the roles of inequality and elites, and disaggregated concepts of democratization. In order to do so, however, we must create a specific methodology that allows us to engage with terms clearly, establish the factors we will endeavor to measure, and pinpoint the ways in which we will draw comparisons between our two case studies in a manner that also provides room to appreciate the differences that exist between them.

III: Research Design

This thesis seeks to explain the decline of democracy in both Thailand and the Philippines from their democratic transitions during the “third wave.” It does not take a binary view of democracy, i.e. that contested elections are alone sufficient to categorically shift a country from authoritarian to democratic. Instead, it takes as its methodological starting point Geddes’ view of disaggregation, and following Dahl and O’Donnell, outlined above, that the quality of a polity’s democracy (or status of its democratic consolidation) can be more thoroughly analyzed by looking at a host of attributes. This will be termed a “maximalist” understanding of democracy—that not only are democratic processes seen as the only legitimate means of accessing power in the country (i.e. “the only game in town”), but democratic norms that promote social and legal equality, as well as human rights and the rule of law, are also understood and accepted behaviorally and attitudinally in the society. The hypothesis proposed by this thesis is that several key factors have prevented these countries from consolidating their democratic transitions, creating social and political instability, and enabling the rise of authoritarianism. These factors, as mentioned above, are political systems based on economic patronage, widespread corruption that undermines democratic legitimacy, efficiency, and procedure, the vulnerability of these countries to external economic crises, disproportionate inequality despite economic growth, and the geopolitical consequences of a rising China. Going off of the major theoretical debates discussed earlier, this thesis also places an emphasis on the effect of the interplay of economic and political factors on democratization. Economic factors, however, will not be looked at simply as overall economic strength or weakness as determined by rates of GDP growth over a given time period. Instead, the analysis will complicate the notion

of economic factors by looking at the different ways access to, and benefits from, lucrative economic activities interact with other socio-political contexts and actors to produce instability.

As these factors overlap in many areas—for example that both economic and social polarization might contribute to political instability—this thesis attempts to take a comprehensive rather than compartmentalized view. Furthermore, as this comparative study is made of two specific case studies rather than a larger global data set, it prefers a qualitative small-n design to qualitative large-n designs. Methodologically, the research will be conducted through historical process tracing to determine the validity of the factors listed above as important causal mechanisms in the case studies of Thailand and the Philippines. As stated in Collier, causal inference tests are not always easily applied at the outset of process tracing, thus it may be most “productive to start with a good narrative or with a timeline that lists the sequence of events. One can then explore the causal ideas embedded in the narratives, consider the kinds of evidence that may confirm or disconfirm these ideas, and identify the tests appropriate for evaluating this evidence.”²¹

To begin, the case studies themselves are important beyond the fact that they are timely events that are taking place within larger debates on the global decline of democracy. Slater, in discussing the roles of region studies and political science as interacting disciplines, notes that “democratization theorists can only can only continue to ignore Southeast Asia to the detriment of the discipline” as it provides such “fertile territory for assessing and improving existing theories in political science about why some authoritarian regimes collapse (while so many others survive) and why some new democracies flourish (while most flounder).”²² Thus, Southeast Asia, with its diversity of regime-type outcomes, proves one of the most worthwhile

²¹ Collier, “Understanding Process Tracing,” 829.

²² Slater, “Democracy and Dictatorship Do Not Float Freely,” 55.

areas for posing questions about how these regime-types come to be, or fail to sustain themselves, across such a largely contiguous, but diverse, geographic area. The Philippines and Thailand stand out as especially worthwhile case studies for their unique histories with democratization: the Philippines has a longer (although not continuous) tradition of democracy than Thailand, while Thailand was looked to as *the* potential regional leader for its economic dynamism during the “East Asian Miracle,” as well as its democratic gains in the late-1990s.

First, this thesis will provide a brief historical overview of democratization in Thailand and the Philippines. Democratization has not been a linear process in either state. By looking at pendular shifts over time we will be able to determine patterns and players—especially at the elite level—that will aid us in looking continuities that have disrupted democratic consolidation. The primary period for the analysis of this thesis, however, will be the “third wave” transitions in both countries. In the Philippines, this was the downfall of Marcos and the People Power Revolution in 1986. In Thailand, this was the democratic election of Chuan Leekpai in 1992 as prime minister under the Democratic Party after a period of military junta control and protest—a process leading to the 1997 constitution, seen as a high-point for democracy in the country and known as the “People’s Constitution.” Additionally, this background section with situation both Thailand and the Philippines within a regional context.

Second, and following this chapter, it will begin looking at the cases individually; beginning by looking at link between political power and economic patronage in both countries to determine how power functions beyond the veneer of elections. It will endeavor to see whether political parties were merely inter-elite factions vying for power, or legitimate, ideologically and/or constituent-based entities. It will also be important to look at the role of money in elections to determine how “fair and free” this central element of democratization has

been. It will look at social divisions, such as elite and non-elite divides. This section will be particularly useful for identifying the key players and social strata in each country. In Thailand, for example, the monarchy has long played an opaque political role beyond commentary, due to severe *lèse-majesté* laws. In the Philippines, familial political dynasties are rooted in landholding elites that hold control over disconnected provinces.

Third, it will look at levels and forms of corruption within elected government, the electoral process, and the judiciary. High levels of corruption and government ineffectiveness will delegitimize the government and thus the democratic processes that placed them in power. This, in turn, incentivizes the use of non-democratic means to pursue political objectives. Furthermore, corruption and bribery siphons money off from legitimate, taxable economic exchanges, resulting in less efficiency government services and barriers-to-entry for outside investors through negative perceptions of a difficult business environment. The decentralization of government functions that democracy brings has made both countries especially vulnerable to corruption that operates at various levels of the pre-existing patron-client system, from the local to the national.

Fourth, it will look at the impacts of outside economic shocks during this period—specifically the 1997 Asian Financial Crisis. If the theory has established that economic growth can help ensure that democracy is sustained (if not initiated), we can also see how a major economic crisis can create not only economic but also political instability. This is especially true for a newly transitioned, unconsolidated democracy. The effects of the 1997 Crisis were more prominently felt in Thailand and can be seen as a causal factor in the election of Thaksin Shinawatra as Prime Minister (and the subsequent political turmoil ending in coups in 2006 and 2016); however, they also contributed to the more recent rise of populism in the Philippines.

Fifth, it will examine economic inequality despite economic growth. Acemoglu and Robinson put forth that economic inequality engenders instability as it encourages non-elites to contest power in order to establish greater social parity, while it also encourages elites to contest power (sometimes through non-democratic actions). The economies of Thailand and Philippines have experienced varying periods of rapid economic growth over the last 30 years, yet both remain deeply unequal countries. By looking beyond GDP growth to elements such as GINI coefficients, geographic concentrations of wealth, household income information from sources like the World Bank, and unemployment statistics, we can see how the distribution of inequality aligns with competing political interests in the country to create instability.

Sixth, it will look at the geostrategic role of a rising China on the pursuit of democratic values in these countries. A “rising China” here is shorthand for China’s rapid economic growth from the economic liberalizations that began in 1978 to the present, and thus its immense economic power in terms of lucrative investment and aid projects. As China attempts to position itself as regional and global great power, these investments have been used to gain favor and influence with foreign governments. Economically, Thailand and China have grown closer since Thaksin era policies that sought to diminish Thai over-reliance on the United States and its institutions—such as the IMF. These links have withstood (and grown during) political upheavals, such as the successive junta and interim governments in Thailand which have also recognized the pragmatic benefits of economic partnership with China. Duterte in the Philippines, as well, has preferred partnership with China even over contested issues such as territorial disputes in the South China Sea to cooperation with the United States. Indeed, China has leveraged lucrative economic partnerships as a “carrot” in this situation—including lifting a ban on banana imports (for which the Philippines is the world’s second-largest producer). The

key factor in these strategic relationships are Chinese policies of non-interference that stand in stark contrast to the (perceived) overbearing stance of the United States on issues of democracy versus order.

Finally, it will look at the factors listed above according to Bennett's process tracing "hoop test" to determine the validity of factors above in contributing to the inability of Thailand and the Philippines to consolidate their democracies and enabling non-democratic forces to rise. This will be conducted in an analysis chapter that brings both case studies together to draw comparisons. The "hoop test" is most appropriate as "passing [it] affirms the relevance of the hypothesis but does not confirm it [exclusively]. Failing eliminates it."²³ This thesis does not intend to prove that the above-listed factors are the *only* causal factors contributing to the decline of democracy in the Philippines and Thailand, but it does intend to build a case demonstrating that they are the predominating ones.

²³ Bennett, "Process Tracing and Causal Inference," 210.

IV: Background

A. Regional Context

Beyond regime type variation, the economies of Southeast Asia similarly present a diverse lot. In terms of overall size, regional GDPs in 2016 ranged from USD\$15.8 billion in Lao PDR to USD\$932.2 billion in Indonesia.^{24 25} There exists, as well, diversity in terms of primary economic activities. Brunei Darussalam, for example, has leveraged its oil and natural gas reserves into an energy sector that accounts for 90% of the nation’s exports.²⁶ Meanwhile, Singapore has positioned itself as a regional hub for trade infrastructure—from physical port infrastructure to a robust services sector featuring multinational banking, private financing, legal and accounting services, and expert engineers.²⁷ Furthermore, unique challenges currently face each economy, from the need for state-owned enterprise reform in Vietnam, to inadequate education levels in Laos, and regulatory constraints on FDI in Myanmar.²⁸

Historically, however, there have been shared characteristics that help to define the region and that provide a more general context in which to examine countries on a case-by-case basis. The Straits of Malacca provides one of the world’s most vital bottlenecks for trade. Currently, approximately 25% of all world trade passes through the narrow straits between Malaysia and Indonesia. Maximum yearly capacity for the Straits of Malacca is roughly 122,000 ships, and in 2016 84,000 ships passed through. By 2025, 140,000 ships are predicted to need to

²⁴ World Bank, “GDP (Current US\$) Lao PDR.”

²⁵ World Bank, “GDP (Current US\$) Indonesia.”

²⁶ Das-Gupta, *Asian Economy and Finance*, 66.

²⁷ World Bank, “Overview: Singapore.”

²⁸ OECD, *Economic Outlook for Southeast Asia, China, and India 2018: Fostering Growth Through Digitalization*, 37-38.

pass through.²⁹ Thus, Southeast Asia sits at a vital economic and geostrategic crossroads connected to both the large regional economies of India and China, as well as the global economy. A strategic location is also matched by an abundance of natural resources. As regional economies have liberalized and industrialized, they have increasingly integrated themselves into global supply chains beyond natural resource extraction or import-substitute models. Initial export-oriented industrialization was geared towards foreign-based multinational corporations. Over time, workers developed skill-sets in more specialized sectors, allowing for advancement in more complex supply chains and creating regional divisions of value-added economic activity. These comparative advantages were reinforced through human capital resources seen in advantageous demographics and expanded education infrastructures.³⁰

Industrialization in East Asia expanded rapidly in the decades following World War II. Between 1960 and 1990 the eight countries of the so-called “East Asian Miracle” (Japan, Hong Kong, South Korea, Singapore, Taiwan, Indonesia, Malaysia, and Thailand) experienced rapid growth rates associated with industrialization and export-led growth—especially latter three newly industrialized economies (NIEs) of Southeast Asia. A major hallmark of the “miracle” was average annual GDP growth rates of 6% sustained over this near-thirty-year period. As an indication of the rapid growth experienced during this period, in 1960 GNP per person in the Southeast Asian economies was only 4% of GNP per person in the United States. By 1995, however, this had increased to 10% of that in U.S.³¹ Another unique characteristic of the “miracle” was that these high levels of sustained growth were also associated with decreases in inequality. Thus, in the years preceding the 1997 Asian Financial Crisis, there was a great deal of

²⁹ Ghosh, “Thailand’s Dreams of Kra.”

³⁰ Nehru, “Thriving in the Shadow of Giants,” 23-24.

³¹ Quibria, *Growth and Poverty: Lessons from the East Asian Miracle Revisited*, 7.

bullishness regarding the lessons that could be learned, or models that could be applied, from this region. Indeed, even in communist Vietnam, market-oriented economic liberalizations began in 1986 (termed *đổi mới*, or “renovation”) in order to promote growth and integrate the country into the global economy alongside the successes of its neighbors. Matched with the rash of Third Wave democracies worldwide (seen regionally in Taiwan and South Korea), there was a joint atmosphere of optimism regarding both the liberal Western economic and political orders. This is the context of over-optimism in which our case studies will be analyzed. Before delving into each more explicitly, some background info on these will be useful as well.

B. A Brief History of Democracy in the Philippines

The Spanish colonial period in the Philippines lasted from 1521 to 1898, when the United States ousted the Spanish during the Spanish-American War. U.S. colonial control of the Philippines lasted until 1946, and contemporary political structures in the Philippines are largely based on the American model: a presidential democratic republic with a bicameral legislature (House of Representatives and Senate). An oligarchic elite class, however, wielded political power, which it exercised through relationships—a hybrid system that was part patrimonial feudalism, part American urban-style political “machine.”³² While the electoral process gave the appearance of a functioning electoral democracy, political parties were not centered around ideologies and free and fair elections, but by vertical links of influence that were diffused at the local level throughout the archipelago. Indeed, the aforementioned “hybridity” of the system was due to the holdover landed Philippine aristocracy from the Spanish colonial period working to

³² Bello and Gershman, “Democratization and Stabilization in the Philippines,” 38.

translate their influence into the new political system. Thus, political factionalism based around patron-client relationships with powerful leaders/families at the local level geared national politics towards vying for control of government positions to be distributed amongst supporters. This undermined the extractive and regulatory functions of the national government.³³ As elections were regularly held, this led to a cyclical back-and-forth between the two major elite-dominated parties (the Liberals and the Nacionalistas). As a result, party defection became a common tactic for political opportunists. As an incumbent regime's patron-client debts became too expansive and burdensome, rival factions would induce disaffected party members to join their side with promises of civil service appointments, pork barrel projects, etc. A hallmark of this cycle of defections was the peaceful transition of power from party to party—as defections made new regimes hesitant to persecute the opposition, lest they defect in the future.³⁴

Fernando Marcos deftly navigated this inter-elite system, while also coopting the middle-class officer corps of the military and developmental technocrats. He won the presidential election in 1965, and reelection in 1969—spending a tremendous sum of money in the process. It is estimated that during his reelection campaign in 1969 Marcos spent USD\$250 million in clientelist payoffs, as well as expanding the budget and capabilities of the military—including a select “anti-communist” paramilitary unit linked to pro-Marcos political violence.³⁵

Marcos upset the traditional elite balance of power by concentrating wealth and power within his own immediate circle of family and close associates rather than down the more expansive hierarchies within his factional coalition. This did not constitute a dismantling of the previous elite system, but rather its centralization in the person of Marcos. This left large swaths

³³ Landé, “Parties and Politics in the Philippines,” 728.

³⁴ Thompson, *Anti-Marcos Struggle*, 19-20.

³⁵ *Ibid.*, 35-36.

of the traditional elite on the outside for the first time. His declaration of martial law in 1972 was engineered in reaction to a growing opposition from rival, marginalized elites—such as Senator Benigno “Ninoy” Aquino, Jr. Marcos also amassed a personal fortune of between USD\$5-10 billion during his dictatorship and, by 1975, thirty-one of the thirty-five most economically and politically influential people in the Philippines were closely connected with Marcos (such as the sugar monopoly granted to his fraternity brother, Roberto Benedicto, which was worth between USD\$1.7-2.3 billion between 1974-83).³⁶ The 1986 People Power movement that deposed Marcos was a broad, reactive coalition of elites, the middle-class, and leftists, which united around overall downturns in the Philippine economy, the assassination of Aquino, and espousals of a return to “democracy.”

What “democracy” meant, however, was different for each faction of this coalition. While the street demonstrations were largely conducted by non-elites, it was very much an elite-led transition as evidenced by the fact that by 1987 more than 83% of members of the reinstated Philippine House of Representatives were from the traditional families that had dominated the pre-martial law era.³⁷ The election of Ninoy Aquino’s widow, Corazon, as president further represented the return of the elite-dominated pre-martial law status quo: electoral competition, the separation of powers, checks on presidential power, and an upgraded constitution heavily based on the 1935 American model. While elite candidates were able to draw support through an anti-Marcos stance and the old tactics of bribery (estimated in the billions), more progressive leftist forces lacked the political machinery to achieve relevance at the polls. One significant difference, however, was the increased power of the military in the post-Marcos era. During the

³⁶ Ibid., 53-54.

³⁷ Croissant and Lorenz, *Comparative Politics of Southeast Asia: An Introduction to Governments and Regimes*, 218.

Marcos dictatorship, the Armed Forces of the Philippines (AFP) had increased in size from 60,000 members to 250,000, including a newly politicized officer corps. This power bloc possessed a veto power of force over the Aquino government and it was granted autonomy over counterinsurgency operations in exchange for formally acquiescing to civilian control.³⁸

The Philippine economy during the early Marcos period had grown rapidly due to a boom in commodity exports like coconut and sugar. This also coincided with a massive foreign borrowing campaign in which Marcos doubled the national debt from USD\$4.1 billion in 1975 to USD\$8.2 million in 1977. By 1982 this had grown to USD\$24.4 billion, or roughly 200% of exports. Much of this borrowing had also gone into luxury projects rather than investments that would fuel growth. Thus, when funding sources of foreign “petro-dollars” dried up and exports dwindled as the United States market, upon which the Philippines heavily relied, went into recession, the Philippine economy struggled.³⁹ This was exacerbated by the fact that Marcos’s own macroeconomic policies were spread in countervailing directions: state capitalism; crony capitalism; economic nationalism concentrating on the domestic market; and export industrialization for integration into the world market. The end result of any plan of action, however, was not the structural betterment of the Philippine economy, but the enrichment of Marcos and his coterie.⁴⁰ Thus, democratic restoration under Aquino also presented a promising path forward for economic reform and development. The question going forward from this point, then, remained: would this optimism, both economic and political, translate into an equitable transition for the Philippines? Or would the old forms of cyclical administrations rife with

³⁸ Bello and Gershman, “Democratization and Stabilization in the Philippines,” 43-44.

³⁹ Guido and de los Reyes, “The Best of Times?”

⁴⁰ Litonjua, “The State in Development Theory: The Philippines Under Marcos,” 387-388.

corruption lead to disaffection, the delegitimization of democratic values, and the space for “strong men” characters?

C. A Brief History of Democracy in Thailand

The history of democracy in Thailand differs significantly from that of the Philippines in that Thailand was never a fully colonized state, and, thus, democratization was not linked with a national liberation struggle or processes of decolonization. While Thai diplomacy during the period in which its neighbors were subsumed by European empires bent with the prevailing winds in terms of conciliation and concessions, Thailand (then Siam) remained sovereign. A second distinguishing feature is the presence of the monarchy. For nearly eight hundred years, Thailand has had a king supported by a powerful aristocratic elite. The current Chakri dynasty dates to 1782. In 1932, however, a coup led by a civil servant and member of the military ousted the absolute monarchy in favor of a constitutional one. In subsequent decades, the military would tack to the Thai political right, forming a political alliance with the monarchy and the royalist elite (made up those with familial or business links to the palace), and assuming a role as defenders of the monarchy.⁴¹ Strict *lèse-majesté* laws make the topic of the monarchy a thorny issue for discussion in Thai civil society. The law does not clearly state what exactly constitutes a “defaming, insulting, or threatening” remark about the royal family; however, penalties range from three-to-fifteen years in prison. These laws, and the honor of the revered institution of the monarchy, are interpreted in an expansive fashion and used as a shield for crackdowns by the military and as justifications for political machinations for the aristocratic elite.⁴² Since 1932

⁴¹ Buchanan, “Thailand’s Crisis and the 1932 Revolution.”

⁴² BBC, “Lese-Majeste Explained: How Thailand Forbids Insult of Its Royalty.”

there have been 19 military coups d'état (both attempted and successful), creating a distinct elite-driven “coup culture,” in which royalist-military elites intervene in the democratic process in the service of their own interlinked interests.⁴³

In the post-World War II period, these coups were tolerated by major allies like the United States due to Thailand's geostrategic importance as a “democratic” bulwark against communist expansion in the region. During the 1971 coup, for example, Field Marshal Thanom Kittikachorn dissolved parliament on the pretext of suppressing communism.⁴⁴ Renowned anti-communist Admiral Sangad led the 1976 coup, which abolished a 1974 democratic charter constitution and was violently repressive against leftists and student demonstrators.⁴⁵ While the 1991 coup was less violent, it still subverted Thai democracy by accusing adversarial political opponents, such as Prime Minister Chatichai Choonhavan of vote buying, corruption, and plotting to assassinate the Queen. The real motivation behind the coup was that Chatichai had planned to install a Deputy Defense Minister who was a political opponent of the military leadership.⁴⁶ The 1991 coup was the first since 1976. In order to prevent a panic environment for investors, the military junta (called the National Peace Keeping Council, or NPKC) laid the groundwork for new elections and a new constitution within a year—featuring controversial amendments allowing government and military members to hold concurrent positions and enlarging the number of NPKC-appointed seats in the senate. By cloaking its intervention in politics as a non-political move to preserve order and address issues of vote buying, corruption, opportunism, and factionalism, the coup damaged the legitimacy of Thai political parties.⁴⁷

⁴³ Farrelly, “Why Democracy Struggles,” 292.

⁴⁴ Taylor and Kaphle, “Thailand's Army Just Announced a Coup. Here Are 11 Other Coups Since 1932.”

⁴⁵ The Guardian, “Brutal Thai Coup.”

⁴⁶ Erlanger, “Coup in Thailand Follows Old Pattern.”

⁴⁷ Bhuchongkul, “Thailand 1991: The Return of the Military,” 320-22.

New military-linked parties, such as the Samakkitham, were formed between former military members and opportunistic members of parliament aiming to align with the new locus of power. More established parties, such as Chart Thai, also abruptly changed tack and supported the military. The nomination of General Suchinda as Prime Minister, however, was a step too far that pro-democracy forces in the country were unwilling to abide. Massive street demonstrations broke out, which were subsequently quelled with military force—resulting in over hundred deaths and several hundred injured and lowered standing of the military in the public eye. The king intervened as a non-official mediator, bringing the violence to end. While elections proceeded, which pro-democracy forces won—electing Chuan Leekpai as Prime Minister—they had only done so narrowly. Chuan’s coalition was tenuous, and the pro-military opposition in and out of Parliament was considerable. Additionally, the election results settled neither the fundamental split between urban Thais (largely middle-class, less supportive of the military, and more concerned with ending corruption) and rural Thais (poorer, supportive of the monarchy, tolerant of military intervention, and more concerned with addressing their own immediate material conditions) nor the interventionist prerogatives of the military.⁴⁸

This occurred over the backdrop of a rapidly growing Thai economy. As mentioned above, Thailand was one of the high performing economies of the “East Asian Miracle.” From 1985-95, it was the world’s fastest growing economy, and the overall economy had transitioned from primarily agriculture-based to a diversified newly industrialized economy of services and manufacturing. Manufacturing output had increased from 6% of Thai exports in 1965 to 65% by 1990.⁴⁹ Despite the events of 1991-92, the value of Thai exports grew by 17% while overall GDP growth grew by 8.08% (slightly down from 8.5% in 1991). This was belied by weaker

⁴⁸ Bunbongkarn, “Thailand in 1992: In Search of Democratic Order,” 219-221.

⁴⁹ Doner and Ramsay, “Thailand: From Economic Miracle to Economic Crisis,” 171-72.

fundamentals, such as a trade deficit of USD\$9 billion and account deficits of USD\$8 billion (or 8% of GDP), encouraged by capital market liberalizations.⁵⁰ Thai economists at the time drew attention to the fact that if such stressful trends persisted, then growth would prove unsustainable.⁵¹ Similar to the case of the Philippines, the overstated optimism in Thailand regarding continued economic growth and the speedy return of democracy following the coup was not founded on entirely sure footing.

Looking at the individual case studies below in more depth, we will endeavor to build an economic case to demonstrate that the return of democracy in both countries did not subscribe to a maximalist ideation of the term and that many elite power structures remained in place (or returned to prominence)—creating significant barriers to economic consolidation. By failing to pursue the values of social equity associated with democracy, these regimes permitted behaviors and policies that delegitimized democracy, enabled elite anti-democratic behavior, and polarized society in ways that would create anti-democratic populist reactions and prevent full democratic consolidation.

⁵⁰ Bunbongkarn, “Thailand in 1992: In Search of Democratic Order,” 222.

⁵¹ Phongpaichit, “The Thai Economy in the Mid-1990s,” 377-78.

Chapter V: Case Study: Philippines

A. Elite Democracy and Corruption

Corazon Aquino's election as President of the Philippines was very much a restoration of the *status quo ante* for the Philippine elite. Families such as the Roxases, the Laurels, the Osmenas, the Tanadas and the Zobels, who had controlled Philippine politics and economics in the pre-martial period, returned from their marginalized positions. Despite the appearance of a progressive, equitable platform (contra Marcos), this elite was very much preoccupied with its own interests, such as its land ownership—of which Aquino, for example, possessed a 6,000-acre estate.⁵² At a time when 70% of the population lived in rural areas, 90% of the nation's landlords were elected to the House of Representatives. Unsurprisingly, the Philippine Congress was unable to pass meaningful land reform that would have substantially helped rural farmers. In the legislation that was passed following the 1987 elections, 75% of the country's total arable land was excluded from the bill's reforms through various built-in loopholes or evasions.⁵³ Under Aquino's successors, Fidel Ramos and Gloria Macapagal Arroyo, segments of the military leadership were also induced into the civilian government through advisory, cabinet, and administrative positions.⁵⁴ Funding for patron-client relations (through pork barrel projects, corruption, and other wasteful spending) became institutionalized through the 1990 Countrywide Development Fund (renamed the Priority Development Assistance Fund in 2000), which allots

⁵² Richburg, "Traditional Elite Regains Control Under Aquino."

⁵³ Bello and Gershman, "Democratization and Stabilization in the Philippines," 47.

⁵⁴ Croissant and Lorenz, *Comparative Politics of Southeast Asia: An Introduction to Governments and Political Regime*, 244.

discretionary budgets averaging USD\$4 million to each senator and USD\$1.4 million to each congressperson.⁵⁵

Interlinked with the restoration of elite democracy has been pervasive corruption. In 1990, the Office of the Philippine Ombudsman reported that the state had lost USD\$48 through corruption—more than the country’s foreign debt at the time.⁵⁶ In successive reports in 2005, 2007, and 2011, NGO Freedom House rated the Philippines a 3.50, 3.38, and 3.78, respectively, on a corruption scale of 0 (worst) to 7 (best).⁵⁷ While Aquino established a Presidential Commission on Good Government as a part of a good governance and anti-corruption platform, by 1988 five members of the commission were facing corruption charges and 13 additional members were under investigation. Public confidence in her administration’s ability to tackle corruption reflected the erosion of early optimism—plummeting from 72% satisfaction in March, 1987 to 26% in July, 1989.⁵⁸

While President Fidel Ramos’s presidency (1992-98) was largely free of scandals directly related to the presidency, the chairman of his own Presidential Commission Against Graft and Corruption, Eufemio Domingo, stated that the commission was ineffective because anti-corruption statutes were not being implemented in good faith. He continued, “Big-time grafters are lionized in society. They are invited to all sorts of social events, elected and re-elected to government offices. It is considered an honor—in fact a social distinction—to have them as guests in family and community affairs.”⁵⁹

⁵⁵ Ibid., 226-28.

⁵⁶ Ibid., 231.

⁵⁷ Freedom House, “Countries at the Crossroads: Philippines.”

⁵⁸ Quah, “Democratization and Political Corruption in the Philippines and South Korea,” 64.

⁵⁹ Balgos, “Ombudsman,” 267-268.

Corruption in the Philippines is both extractive and defensive. According to businessperson and public intellectual Calixto V. Chikiamco:

Our oligarchy's...rent-seeking power provides self-reinforcing means for enrichment and impregnable authority: it can penetrate, influence, and manipulate the weak state and its institutions almost at will. In other words, it can buy off or influence politicians, judges, bureaucrats, and media organizations to thwart change, prevent competition, and extract more economic favors or rent through the weak state.⁶⁰

During the period of capitalist development, elites have accumulated wealth through holding companies and strategic mergers and acquisitions in key industries such as oil, energy, telecommunications, shipping, ports, and transportation.⁶¹ They act in defense of this accumulation by leveraging it to prevent harmful legislation or to stymie its implementation. For example, Philippine tax revenues are only at 12% of GDP and 80% of major taxpayers claim 70-90% of income as tax deductible. Furthermore, there has never been a single jail sentence served for tax evasion in the history of the Philippines. This amounts, according to the World Bank, to losses of roughly USD\$8.6 billion in uncollected revenue each year.⁶²

The cases of presidents Estrada (1998-2001) and Arroyo (2001-10) typify the elite corruption that has subsumed political power in the Philippines. Estrada was forced to resign in 2001 as protestors took to the streets (seen as a People Power II movement), impeachment proceedings began in the Senate, and his military allies abandoned him. Corruption charges levied against Estrada ranged from USD\$8 million accumulated in illegal gambling kickbacks to USD\$2.7 million in skimmed revenue from tobacco taxes, as well as providing housing for a large number of mistresses.⁶³ Estrada's successor, Vice President Arroyo, was subsequently

⁶⁰ Chikiamco, "Paths to Change."

⁶¹ Quimpo, "Can the Philippines' Wild Oligarchy be Tamed?," 339.

⁶² Ibid., 338.

⁶³ Associated Press, "Philippines Leader Resigns, Beset by Scandal,"

accused of electoral fraud and corruption. Indeed, 147 individuals were killed in relation to the 2004 national elections in which she was elected to a full term, making it the most violent since 1986.⁶⁴ The 2005 “Hello Garci” affair revealed telephone recordings between Arroyo and a member of the election commission regarding manipulation over the 2004 election, and the 2008 NBN-ZTE affair in which Arroyo and her husband were implicated in receiving USD\$130 million in kickbacks on a USD\$329.5 million contract with Chinese firm Zhong Xing Telecommunications Equipment Ltd. (ZTE) to provide services for the state-run National Broadband Network (NBN).⁶⁵ Still, Arroyo hedged against her own downfall by distributing welfare benefits (seen as creating “governance by patronage” with poorer Filipinos) such as student loans, health care, temporary employment, and home lot certificates, as well as by bolstering institutional support in the House of Representatives through disbursement of pork barrel funding.⁶⁶ According to public polling in 2007, Arroyo was considered the most corrupt president in Philippines (42%)—more than the ousted Marcos (35%) and Estrada (16%).⁶⁷ Public opinion polling on the efficacy of democratic governance (phrased in the poll as “satisfaction with the way democracy works”) has declined over this period from 46-70% under Ramos, 42-70% under Estrada, and 33-54% under Arroyo. “Net satisfaction” polling regarding the Arroyo administration lingered in negative numbers from -33% in May 2005 to -3% in June 2007. Furthermore, in the lead-up to the 2007 election, polling revealed that 69% of respondents expected vote buying and 53% expected cheating in the vote count.⁶⁸

⁶⁴ Quimpo, “The Philippines: Political Parties and Corruption,” 283.

⁶⁵ Quimpo, “Can the Philippines Wild Oligarchy be Tamed?,” 340.

⁶⁶ Quimpo, “The Philippines: Political Parties and Corruption,” 285.

⁶⁷ Reuters, “Arroyo ‘Most Corrupt’ Philippine Leader: Poll.”

⁶⁸ Hutchcroft, “The Arroyo Imbroglio in the Philippines,” 152-53.

B. Inequality Despite Growth

Ramos's tenure was relatively scandal-free, despite cozy relations with big business, as he liberalized the Philippine economy by limiting foreign exchange controls, deregulating and privatizing industries, reducing import duties, and creating special economic zones conducive to foreign direct investment. Building off the recession of the late-Marcos period and the tenuous stability of the Aquino transition, Ramos administration reforms saw growth rates increase from 0.5% in 1991 (under Aquino) to 7% by 1996. Exports increased by 29% in 1995 and an additional 16.6% in the beginning of 1996.⁶⁹

Between 1990 and 2009, however, average GDP growth was 3.6%, with fluctuations due to natural disasters and outside economic crises. The services sector accounted for almost half of GDP growth, well ahead of industry and agriculture.⁷⁰ Between 2010-16, growth has been more steady and robust at an annual average rate of 6.3%—finally shaking the perception as the slow-growing “sick man of Asia.”⁷¹ Growth has not been equitable, however, and certain aspects of the economy—from demographics to remittances—belie growth rates that appear impressive on paper.

During the 1990-2009 period mentioned above, the population also grew by 2.2%—resulting in only a 1.4% increase in GDP per capita.⁷² In 1994, the wealthiest 20% of the Philippines received 52% of the country's income—11 times as much as that of the poorest 20%. By 2009, the poorest 20% of Philippine society accounted for only 4.45% of national income.⁷³ During

⁶⁹ Ringuet and Estrada, “Understanding the Philippines’ Economics and Politics since the Return of Democracy in 1986,” 237-38.

⁷⁰ UN, *Assessing Development Strategies to Achieve the MDGs in The Republic of the Philippines*, 4.

⁷¹ World Bank, “GDP Growth (annual %) Philippines.”

⁷² UN, *Assessing Development Strategies to Achieve the MDGs in The Republic of the Philippines*, 4.

⁷³ Reyes, “Thirty Years after Topping Dictatorship, Philippines’ Flawed Democracy Hasn’t Narrowed Inequality.”

2010-11, the collective wealth of the 40 wealthiest Philippine families increased 37.9% (or USD\$13 billion) to a total of USD\$47.4 billion. This was worth 76.5% of the nation's GDP increase at that time. At the same time, however, more vulnerable demographics of Philippine society continued to suffer: 32% of children under five suffer moderate to severe stunting due to malnutrition; 60% of Filipinos die without ever having received services from a healthcare professional; 26.5% of Filipinos lived on less than USD\$1 a day (in 2009); and the poverty level was on par with Haiti. Between 2006-12 there was no statistical improvement in national poverty levels.⁷⁴

A structural problem amidst this growth has been the increased role of foreign remittances. In 2014, remittances from overseas Filipino workers (OFW) totaled USD\$24.8 billion, or 10% of the GDP. While this incoming capital has aided accounts in terms of the Philippines' trade deficit, it has done little to aid stagnant job growth in manufacturing or in terms of infrastructure projects—with deficiencies in the latter discouraging FDI. Surveys of executive at the 2015 World Economic Forum revealed that Philippine infrastructure (railways, ports, airports) was ranked the lowest amongst the six largest economies in ASEAN. Furthermore, FDI in Philippines is only 20% as high as that in Indonesia and 60% of that in Vietnam.⁷⁵

While the large youth population in the Philippines represents a potential robust work force, an Asian Development Bank report determined that the concentration of poor individual was higher within younger demographic (30-under) while the concentration of richer individual was prevalent within older demographics (60-over). Their tests indicated that, between 2000-12,

⁷⁴ Keenan, "The Grim Reality Behind the Philippines' Economic Growth."

⁷⁵ Hidaka, "Philippines Still Relies on Remittances Amid Struggle for Foreign Investment."

poverty has increased and high inequality levels have persisted.⁷⁶ Illustrative of this point, and of the potential disaffection felt by everyday Filipinos, are the comments of 31-year-old Josefa Ramirez, who makes USD\$3 a day selling bottled soda and water from his cart in Manila. “Is the economy growing here? I didn’t know that. For me, things feel the same as they always did.”⁷⁷

C. A Mild Crisis

The economic reforms and liberalizations of the Ramos era were designed to help the Philippines catch up to its regional neighbors who were more abundantly part of the “East Asian Economic Miracle.” In doing so, however, Philippine authorities made the country vulnerable to the same type of crisis that engulfed the region in the summer of 1997. Specifically, as in the cases of Indonesia and Thailand, the crisis was due to the “twin liberalizations” of the domestic financial system and the opening of the foreign capital account. In the ensuing lending boom, exchange rates remained stable—causing both lenders and borrowers to forget the inherent risks in borrowing foreign currency and lending out in domestic currency. Exchange rates became unstable as short-term liabilities exceeded the foreign currency reserves required to service the debt and as non-performing loans began to accumulate. This is how the contagion of the speculative attacks on the Thai baht similarly spread to the Philippine economy.⁷⁸

The Philippines endured the crisis more moderately than its neighbors due to risk-averse financial sector reforms following an earlier balance-of-payments crisis in 1990-91: the rehabilitation of the central bank, increased capital ratios in commercial banks, increased prudential regulation, and the allowance of new entrants into the banking sector (all of which

⁷⁶ Valenzuela, Wong, and Zhen, “Income and Consumption Inequality in the Philippines: A Stochastic Dominance Analysis of Household Unit Records,” 30-31.

⁷⁷ Keenan, “The Grim Reality Behind the Philippines’ Economic Growth.”

⁷⁸ Montes, “The Philippines as an Unwitting Participant in the Asian Economic Crisis,” 242-43.

contributed to a reverse brain drain in the financial sector strengthening the quality of its workforce).⁷⁹ Thus, the crisis did not represent the crushing disappointment of the “miracle” as the Thailand had, since the Philippine economy had not reached such heights of growth; however, it reified the lack of promise of the economy. Still, GDP growth lagged from 5.8% in 1996 to 5.1% in 1997 and -.5% in 1998.⁸⁰ Unemployment rose slightly to 8.7% and the Philippine peso devalued by roughly 40%.⁸¹ Despite the relative mildness of the crisis, public discontent manifested itself in the election of the more populist candidate for president in 1998, Estrada. Estrada pursued a slate of populist “pro-poor” policy initiatives (such as public welfare program for the 100 poorest families in 1,600 cities across the country) that were popular with the people but that overburdened the state with government spending. Budget deficits under Estrada increased from USD\$1 billion in 1998, to USD\$1.34 billion in 1999, and USD\$2.64 billion by 2000. This was exacerbated by his administrations poor governance, personal scandals, and unpopularity with elites—leading to social instability and his ouster in 2001.⁸²

D. The Effects of Closer Ties with a Rising China

China’s economic rise has had an undeniable influence in Southeast Asia. Between 1995-2002, China-ASEAN trade grew at an annual average of 19%. Between 2002 and 2004, Chinese-ASEAN trade total grew from USD\$54.8 billion to over USD\$100 billion.⁸³ While at this time Chinese trade totals still lagged significantly behind those of Japan and the United States, by

⁷⁹ Noland, “The Philippines in the Financial Crisis: How the Sick Man Avoided Pneumonia,” 405.

⁸⁰ World Bank, “GDP Growth (% annual) Philippines.”

⁸¹ Montes, “The Philippines as an Unwitting Participant in the Asian Economic Crisis,” 258.

⁸² De Castro, “The 1997 Asian Financial Crisis and the Revival of Populism/Neo-Populism in 21st Century Philippine Politics,” 943.

⁸³ Economy, “China’s Rise in Southeast Asia: Implications for the United States,” 414.

2016 China had become the top trading partner for the Philippines, specifically. At 15.5% of the nation's total trade, Chinese-Philippine trade was worth USD\$21.9 billion. Meanwhile, the United States had fallen to the Philippines' third largest trading partner at 11.6% (or USD\$16.4 billion).⁸⁴ China also made a pronounced influence through increased FDI and ODA. During the Arroyo administration in the Philippines, between 2001-10, economic cooperation with China grew through landmark infrastructure projects, such as the North Luzon Railway (USD\$503 million), as well as partnerships like the Joint Marine Seismic Undertaking, in which national oil companies from China, Vietnam, and the Philippines jointly explored disputed areas in the South China Sea.⁸⁵ Indeed, between 2002-13 USD\$1.2 billion in development assistance has been given by China to the Philippines.⁸⁶

Foreign policy making in the Philippines, however, is closely tied to the office of the presidency. Thus, it is highly personalistic. Growing cooperation with China under the Arroyo administration (and overly-cozy relations, as seen through the ZTE-NBN scandal) changed under her successor, Benigno Aquino (son of former President Corazon Aquino). Where Arroyo had cooperated with China in the South China Sea, Aquino politicized it in order to boost his approval ratings and foreign policy credentials at home. Aquino remained assertive during the Scarborough Shoal incident, in which Chinese and Philippine naval vessels engaged in a two-month standoff over the disputed islands. "If we allow other countries to just push us around, our 7,100 islands might become a mere two digits in the near future," he said. During this period in 2011-12, his domestic approval rating averaged 76.5%.⁸⁷ Foreign policy clashes such as this, as

⁸⁴ Philippine Statistics Authority, "Foreign Trade Statistics of the Philippines: 2016."

⁸⁵ Zha, "Personalized Foreign Policy Decision-Making and Economic Dependence: A Comparative Study of Thailand and the Philippines' China Policies," 249-50.

⁸⁶ Shead, "The Philippines' Economic and Political Relations with China."

⁸⁷ Zha, "Personalized Foreign Policy Decision-Making and Economic Dependence: A Comparative Study of Thailand and the Philippines' China Policies," 251.

well as elite administration disagreement over the position to take with China, help explain the lack of “big ticket” Chinese investment in the Philippines during the Aquino administration.⁸⁸

Under Duterte, however, the Philippine-China relationship has grown increasingly close as the Philippine-U.S. relationship has dwindled diplomatically. Again, this shift is due to the foreign policy prerogatives invested in the Philippine president. Duterte has long harbored a personal anti-U.S. sentiment due an anti-colonial, leftist worldview, negative experiences with the CIA while mayor of Davao City in 2002, and claims of having been denied a visa to travel to the United States.⁸⁹ China has capitalized on Duterte’s predispositions. Indeed, Duterte has become more conciliatory on the issue of the Philippine claims in the South China Sea as Chinese investment has barreled into the country. During a visit to China in October 2016—where he announced a “separation” with the United States—Duterte both acquired pledges for USD\$24 billion in Chinese aid and investment to the Philippines (in addition to lifting a fruits embargo and promoting tourism) while also backing away from the heated rhetoric of the Aquino administration concerning the South China Sea.⁹⁰ “Though we come to your country close to winter, it is the springtime of our relationship,” Duterte told Xi.⁹¹

A central point worth emphasizing regarding the triangulation U.S.-Chinese-Philippine relations (and to be brought up again in discussing the Thai case) is the non-interventionist foreign policy of China. For the United States, human rights play a role in their disbursement of aid and in their public diplomacy communications. This is not the case for China, who does not comment or act upon the internal matters of another country (predicated on the fact that this would leave them more vulnerable to similar action and comments for human rights abuses). The

⁸⁸ Camba, “The Philippines’ Chinese FDI Boom: More Politics than Geopolitics.”

⁸⁹ Parameswaran, “Why the Philippines’ Rodrigo Duterte Hates America.”

⁹⁰ Jennings, “Japan and China are Competing to Win over the Philippines.”

⁹¹ Perlez, “Rodrigo Duterte and Xi Jinping Agree to Reopen South China Sea Talks.”

U.S. decision to suspend aid provided through the government-funded Millennium Challenge Corporation in 2016 as a result of the 2,000-plus extrajudicial killings related to the Philippine war on drugs (that year) promoted by Duterte. The previous MCC aid package had been worth USD\$434 million.⁹² Actions such as this, as well as public comments from U.S. officials, are taken as a personal affront to Duterte, further reinforcing his foreign policy and economic inclinations towards China (which in turn enables the anti-democratic behavior which disregards human rights).

⁹² Villamore, "U.S. Halts Aid Package to Philippines Amid Drug Crackdown."

VI: Case Study: Thailand

A. “Network Monarchy,” the Parallel State, and Elite Competition

The two major actors in Thai elite politics are the military and the monarchy—forming the power base with which elected officials, the bureaucracy, a capitalist class, and a repressed underclass must contend.⁹³ The “return” of democracy in the 1992 elections led to the drafting of a new constitution. This constitution was finally ratified in 1997 and was known as the “People’s Constitution” for both its procedural and philosophical liberalizations. In the wake of a temporarily disgraced military (following the violence during the street demonstrations in May 1992) it attempted to institutionalize the rule of law, policy-based political parties, a separation of powers (executive, judiciary, legislature), while also mandating civil liberties and human rights through a dedicated Human Rights Commission. Despite this, it did not specifically limit the institutions of the military or the monarchy.⁹⁴

Many aspects of the Thai “network monarchy”—a fundamentally illiberal and fluid system in which personal networks link royal patronage and influence to the various functions of the state—remained intact. For example, the Privy Council, which is directly appointed by the king, acts as a royal proxy by reviewing legislation and providing recommendations based on royal prerogatives two times a week. Another major aspect of the “network monarchy” is the use of proxies, such as former general and prime minister Prem Tinsulanonda, to help form coalition governments, to monitor the military, to oversee promotions. It relies on placing loyal individuals in positions of power rather than allowing the institutions of democratic power to function independently. As the king holds such a revered place in Thai society—seen as a figure

⁹³ Kanchoochat and Hewison, “Introduction: Understanding Thai Politics,” 372.

⁹⁴ Connors, “Thailand: For Elections and Coup,” 481.

above politics—and *lèse majesté* laws entail censorship that makes royal connections a thorny issue for public discussion, it has remained a difficult system to dismantle.⁹⁵ As the institutional order liberalized in the 1997 constitution, the network shifted to accommodate it. This can be seen in the attempt to embed royal influence in the Constitutional Courts (the judiciary mechanism) in order to make them another proxy of the king’s preferred policy outcomes.⁹⁶

The royalist-military axis of power can be understood as a parallel state: deeply connect with official state functions, but existing and operating independent of civilian control, oversight, or commentary. It is both non-transparent, yet also a key aspect of the socio-political order. Indeed, the monarchy’s influence in Thailand can be seen in a variety of ways: its role in endorsing new regimes and coups; its large budgetary allocations; the military’s willingness to accept royal sanctioning; ceremonial and public subservience to the figure of the king, and of course the king’s status as an almost god-like head of state.⁹⁷

Following the 1991 coup and the 1997 constitution, the military did not simply “return to the barracks” or become entirely subject to civilian control. It still maintained a monopoly on the potential interventionist use of state violence in domestic politics. The election of telecommunications magnate Thaksin Shiniwatra (a rural economic elite) in 2001 did not represent an earnest pro-democracy movement to reorient Thai institutions towards independent democratic governance, but rather an attempt to marginalize the traditional “network monarchy” in favor of Thaksin himself and his own network. In many ways, this is similar the Philippines’ Marcos—who upset the traditional order in favor of himself, rather than democratization.

⁹⁵ McCargo, “Network Monarchy and Legitimacy Crises in Thailand,” 501-03.

⁹⁶ Merieau, “Thailand’s Deep State, Royal Power, and the Constitutional Court (1997-2015),” 450.

⁹⁷ Chambers and Waitookiat, “The Resilience of the Monarchised Military in Thailand,” 428.

Thaksin's Thai Rak Thai party ran a successful populist campaign based on redistributive policies (affordable healthcare, agriculture debt relief, and better village-level funding) heavily favored by poorer rural areas in Thailand center, north, and northeast—making him incredibly popular.⁹⁸ His rhetoric increasingly shifted from economic modernization to an anti-elitist message, while his social welfare programs created patronage links with his constituency that alienated the urban middle class, as well as royalist and military elites. While the middle class feared they would be responsible for paying for Thaksin's redistribution schemes, the military was wary of Thaksin's attempts to wrestle control of key military posts through his appointments of loyalists in key positions in the Defense Ministry.⁹⁹ This schism, which was left unresolved from the 1991-92 coup period, formed the basis over which the “Red” shirt (rural, Thaksin-aligned) and “Yellow” shirt (royalist, urban middle class) factions would eventually occupy the streets of Bangkok with demonstrations and violence in 2010 following the military coup against Thaksin in 2006.

In the lead-up to the 2006 coup, anti-Thaksin protestors took to the streets demanding his removal on charges of nepotism, corruption, and a lack of loyalty to the king. These protestors, the Yellow Shirts (after the Thai royal color, yellow) were led by economic and military elites such as Sondhi Limthongkul (a media mogul) and Chamlong Srimuang (a former general with close links to the palace). These protests shutdown parts of central Bangkok, but began as largely non-violent as they were ideologically aligned with the military. After the 2006 coup and 2007 election of Thaksin allies to power, the Yellow Shirts returned again to protest.¹⁰⁰ Red Shirt counter-protests in support of Thaksin began in 2009 as a reaction to the Yellow Shirts. Red

⁹⁸ Phongpaichit and Baker, “Thaksin's Populism,” 63.

⁹⁹ Chambers and Waitookiat, “The Resilience of the Monarchised Military in Thailand,” 431.

¹⁰⁰ BBC, “Profile: Thailand's Reds and Yellows.”

Shirts felt that the Yellow Shirts and the military had negated the will of the people by removing an elected government on trumped-up charges. By March-May 2010, tens of thousands of Red Shirt demonstrators had occupied Bangkok, and the military cracked down on their camps and activities—90 were killed and at least 2,000 were injured.¹⁰¹ Both sides claimed political legitimacy—the Red Shirts through the elections of Thaksin and Thaksin allies, and the Yellow Shirts through their connection to the monarchy and the charges of corruption against Thaksin—and this fueled the violent clashes between the two groups that are representative of larger political schisms within the country. The rationale of the Yellow Shirts and the military was that they must use anti-democratic means as a way to save democracy, whereas the Red Shirts perceived these actions as anti-democratic self-preservation by elites that would crack down on dissent and prevent meaningful democratic and social justice reform in Thailand.¹⁰²

Thailand scholar Nicholas Farrelly writes that, “the persistence of coup-making, long after democratic institutions were assumed to be robust, indicates that some of the fundamental structures of Thai political life have not been shifted by burgeoning democratic instincts.” Furthermore, continued military interventionism in Thailand “is explained by the links between the army and the palace, by the relative tolerance of Thai decision-makers for coups, by relations among economic elites, and by the consistent support that all governments—even military governments—have received from foreign partners.”¹⁰³ The critical flaw, however, is this elite’s inability to assemble a coherent coalition that is able to make massive electoral inroads in marginalized areas, such as Thaksin’s rural voter bases.¹⁰⁴

¹⁰¹ Human Rights Watch, “Descent into Chaos: Thailand’s 2010 Red Shirt Protests and Government Crackdown.”

¹⁰² Fenn, “Tense Times in Thailand.”

¹⁰³ Farrelly, “Why Democracy Struggles: Thailand’s Elite Coup Culture,” 292.

¹⁰⁴ Groll, “The Strange Elite Politics Behind Thailand’s Military Coup.”

Much like 1991, in 2006 the military planned an orderly return to politics as usual, albeit with a new constitution in which its say held greater weight. For example, article 309 of the 2007 Constitution gave legal status to the coup and the junta's decrees.¹⁰⁵ Unlike 1991, however, the results of the ensuing elections did not result in an acceptable compromise to all parties. Thaksin's sister, Yingluck, lead a reformed Thai Rak Thai party (newly christened the Pheu Thai Party) to electoral victory in 2011. She was seen as a mouthpiece for the exiled Thaksin (who faced a jail term after having been convicted of corruption in absentia following his ouster), and embarked on a series of controversial policies that reignited the unresolved political instability of 2006. Yingluck devised a government rice-buying program (at inflated prices, to be stockpiled for demand, and sold on the global market for increased prices) to alleviate the economic stress of rural farmers. She also used the police (over which Thaksin held control, opposite to the military) to crack down on Yellow Shirt protestors, passed an amnesty bill for Thaksin, attempted to insert a clause enabling nepotism in the constitution, replaced the National Security Chief with Thaksin's brother-in-law, and dissolved the House of Representatives when the opposition walked out in 2013. With the rice-buying scheme a financial disaster, and under investigation for misappropriation of funds, the Constitutional Court removed Yingluck from office and, on May 22, 2014, the military staged a coup and established a junta that continues to rule.¹⁰⁶ It is important to note that the charges of corruption that both Yingluck and Thaksin faced were note baseless, but their enforcement was not done in good faith either. Political opponents that alleged and prosecuted on charges of corruption did so not out of a desire to rid the Thai political system of its widespread corruption, but as a way to engineer and legitimize an ouster that would create an opportunity to reclaim political power.

¹⁰⁵ Connors, "Thailand: Four Elections and Coup," 485.

¹⁰⁶ Biswas, Kastner, and Tortajada, "The Rice and Fall of Yingluck Shiniwatra."

In this case, there is not a simple pro-democratic/anti-democratic dynamic. Rather, both sides have attempted to consolidate state control through various means that have undermined the democratic process: vote buying, nepotism, court reshuffling, and, ultimately, force. The clientelist political system in Thailand, in which constituency politicians at the local level serve as patrons to deliver social welfare benefits that the larger political system and government infrastructure cannot deliver in exchange for support, links party candidates at the top of the system to local politicians at the village level. These patron-client networks, called *hua khanaen*, create competition between networks, as seen above, undermining perceptions of the efficacy of democratic governance in the process.¹⁰⁷

B. The Hypocrisy of Corruption

Corruption is rife within Thai politics. Transparency International's Corruption Perception Index has consistently scored it poorly in recent years (on a scale of 1-100, in which a higher score translates to less corruption): 37 (2012), 35 (2013), 38 (2014), 38 (2015), 35 (2016), 37 (2017).¹⁰⁸ These ratings straddle both the Yingluck era and the current National Council for Peace and Order (NCPO) junta regime, revealing that, for Thais, little has changed in terms of corruption. While both Yingluck and Thaksin were removed on charges of corruption, the current regime has faced its own scandals that undermine its projected image as an impartial force for order, stability, and good governance in the country. Deputy Prime Minister and Defense Minister Prawit Wongsuwan, a leader of the 2014 coup, is currently embroiled in a scandal regarding a large collection of expensive rings and watches (estimated at USD\$500,000 for one watch) he has been photographed wearing, but that he never officially documented in his

¹⁰⁷ Bjarnegard, "Who's the Perfect Politician?: Clientelism as a Determining Feature of Thai Politics," 145.

¹⁰⁸ Thompson, "Corruption in Thailand: Running in Place."

assets declaration form before assuming his government positions. Additional scandals of the current regime include the placement of relatives in high-paying government jobs and kickbacks from a USD\$31 million statue-building project in a national park.¹⁰⁹ Furthermore, in March 2018, a Thai anti-corruption agency reported evidence of corruption in 49 of 76 provinces and that 85% of state fund for the poor was misappropriated—to the sum of USD\$3.1 million.¹¹⁰

Structurally, corruption is an integral part of the patronage networks that define the workings of its political system. Politicians pursuing personalistic interests assemble supportive factions at the provincial level. Once elected, they disburse cabinet positions that enable their supporters to reciprocally funnel off kickbacks to their own supporters.¹¹¹ In the post-1997 period, the Political Parties Development Fund (PPDF) was created to foster the growth of small parties and diminish illicit funding streams for parties by having funding come from the state. The result was that smaller parties engineered ways to receive greater payments (such as organizing meetings at hotels, submitting fraudulently large receipts for reimbursement, and registering as a party to continue receiving funding without actually remaining active). Larger parties, such the Pheu Thai, continued to solicit donations for outside PPDF streams (as much as 50% of their total budget from 2003-10), thus maintaining the influence of the business class on politics and turning the PPDF into merely another revenue stream.¹¹²

Corruption can be best understood as a reinforcement mechanism for the patron-client system that pervades Thai politics. Accusations of corruption, and prosecutions for it, are little more than political theatre used to discredit one's opponent. Indeed, as the NCPO endures its own corruption scandals it is easy to see how their narrative of order and anti-corrupt good

¹⁰⁹ Chachavalpongpan, "The Latest Thai Corruption Scandal is Causing Problems for the Ruling Junta."

¹¹⁰ Thepgrampanat, "Thai Graft Agency Investigates Suspected Theft of Funds for the Poor."

¹¹¹ Kuhonta, "The Paradox of Thailand's 1997 'People's Constitution': Be Careful What You Wish For," 375.

¹¹² Sirivunabood, "Understanding Political Party Finance in Thailand: New Regulation but Old Practice," 8-11.

governance becomes undercut in the eyes of everyday Thais. In the absence of good faith efforts to eliminate corruption, rather than to eliminate the opposition, little has been done by either elite faction to address issues of good governance.

C. Inequality During Growth and Recovery

During Thailand's "miracle" growth period from the 1960s to the mid-1990s, it became a more unequal society. In 1962, Thailand's GINI coefficient was 0.413, which was on average for developing nations. By 1992, this had increased to 0.536, which was one of the highest in the world, alongside countries in Latin America and Africa. The contributing factors to this were: government promotion of capital at the expense of labor; rapid growth concentrated around Bangkok at the expense of rural areas; salaries, prices, profits, and urban real estate prices increased to global standards as the Thai market become more integrated; agricultural commodity prices declined worldwide from the 1970s onward.¹¹³ A 2006 United Nations report on economic growth equity in East Asia stated that, "there is no evidence supporting the World Bank's claim of a dramatic decline of income inequality in Thailand."¹¹⁴ While Thailand had been successful in poverty reduction during these decades, a worsening income distribution could be seen between industries—agriculture (42% of labor force, but only 10% of GDP), industry (21% of labor force and 41% of GDP), and services (37% labor force, 5% GDP)—as well as geographically—Bangkok had 17% of the population but 44% of GDP, while the North and Northeast accounted for 52% of the populations but only 20% of GDP.¹¹⁵ Thailand also lacked adequate spending on education, health, and other social services, while lacking social

¹¹³ Phongpaichit, "Inequality, Wealth, and Thailand's Politics," 407-08.

¹¹⁴ Jomo, "Growth with Equity in East Asia?," 11.

¹¹⁵ Ibid., 14.

policies to deal with the adverse effects of the economic fluctuations of liberalization. Thus, the fallout of the 1997 crisis disproportionately harmed young, rural, less educated, and poor Thais.¹¹⁶

Much like the United States, however, Thailand has a “1%” that has grown spectacularly during this same period. This group, which includes 600,000-700,000 individuals in families headed by businesspeople, managers, professionals, and property owners, has seen income growth 2.8 times higher than national average. This group has received preferential access to government concessions, protections from competition, and advantages that increase their share of collected rents due their supportive role in the patron-client system. The bottom 40% of Thailand’s society has little-to-no savings and is highly vulnerable to debt; meanwhile, the top 20% holds 80-90% of total household savings.¹¹⁷ In 2009, the share of national income for the top 20% was 54%, while the share for the bottom 20% was only 5%.¹¹⁸

The prolonged inequality in Thai society despite rapid growth undercuts the optimistic narrative of successful development and potential regional leadership that had surrounded Thailand’s “miracle” in the international community during the “third wave.” Instead, it had the effect of further cementing the social schisms that would underpin domestic political turmoil from 2006 to the present.

D. Crisis and Contagion

In addition to preexisting fractures in Thai society and elite politics, Thailand’s domestic turmoil and foreign policy shifts away from the United States can be traced back to the 1997

¹¹⁶ Ibid., 14.

¹¹⁷ Phongpaichit, “Inequality, Wealth, and Thailand’s Politics,” 409.

¹¹⁸ Walker, “Is Inequality in Thailand Getting Worse?”

Asian Financial Crisis and its impact on Thai politics. For the three decades preceding the 1997 crisis, Thailand was one of the high-performing Asian economies that were labeled as the “East Asian Miracle,” which featured both high rates of growth and declining rates of inequality. By 1997 the optimism produced by Thailand’s 8% average annual growth rate over the previous decade had created a crisis in which loose capital controls allowed for high levels of borrowing in foreign currency (i.e. “hot money”) as well as subsequent local lending in Thai baht.

Widespread loan defaults caused lenders to panic and speculative attacks on the Thai baht resulted in massive devaluation. From June 1997 to January 1998 the baht fell from B24/USD\$1 to B54/USD\$1, cutting the value of Thai exports in half and essentially doubling the Thai debt.¹¹⁹ Thailand did not possess the necessary foreign currency reserves to adequately repay its debts, essentially rendering the country bankrupt. This panic spread throughout surrounding countries and destabilized the regional economy. As a result, Thailand was subjected to a punitive International Monetary Fund relief package that inspired anti-U.S. sentiment for several reasons: the U.S. demanded that Thailand accept the IMF’s devastating deflation targets; the U.S. did not contribute to the original USD\$17.2 billion relief loan; the IMF relief loan was substantially less than the one Mexico had received just the year before (and to which the U.S. had contributed); the U.S. blocked Japanese efforts to establish an Asian Monetary Fund in 1997; the U.S. aid that did arrive (USD\$1.7 million) only came in 1998.¹²⁰

This economic crisis caused Thai citizens to resent their own entrenched elite leaders in Bangkok as well as the United States. Thaksin Shiniwatra, and his Thai Rak Thai Party, ran their campaign on this wave of resentment—promising inexpensive healthcare, rural development projects, and national recovery. Furthermore, he was able to deliver on campaign these promises

¹¹⁹ Leightner, “Thailand’s Financial Crisis: Its Causes, Consequences, and Implications,” 64.

¹²⁰ Zawacki, *Thailand Shifting Ground between the US and a Rising China*, 91-93.

that courted marginalized voters in Thailand's northeast, which had the double effect of alienating the urban middle class and elite.¹²¹ While this resentment and populism would fuel Thaksin's success in the short-term, it would also create irreconcilable conflicts with elite politicians and institutions. Political opponents and the military seized on Thaksin's 2006 visit to the UN and his troubled relationship with the deeply revered monarchy to stage a coup on the grounds of government corruption. Under a new constitution, Thaksin and his new party, the People's Power Party, were elected again. Violent clashes between Thaksin's supporters and opponents, however, resulted martial law and ninety deaths in 2010. By 2014, with Thaksin in exile and his sister Yingluck removed from the premiership on nepotism charges, the electoral process was in a stalemate. The military seized power in May 2014, exercising expansive judicial control, violently cracking down on demonstrations and dissent, limiting the free press, and violating human rights in the name of order.¹²²

E. Alternate Foreign Policy Options between China and the United States

The U.S. distanced itself from Thailand following the 2006 coup by suspending development assistance, military financing, and military training. Still, the U.S. maintained its law enforcement training programs, global health programs, anti-terrorism programs, and funding for the Peace Corps. Following the 2014 coup, the U.S. immediately suspending USD\$4.7 million in foreign assistance to Thailand, USD\$3.5 million in Foreign Military Financing, and USD\$85,000 in International Military Education Training funding.¹²³ The current military junta is also

¹²¹ Unger and Mahakanjana, *Thai Politics: Between Democracy and Its Discontents*, 39.

¹²² Unger and Mahakanjana, *Thai Politics: Between Democracy and Its Discontents*, 61-65.

¹²³ Chanlett, Dolven, and Mackey, "Thailand: Background and U.S. Relations," 3.

hypersensitive to criticism, often using its institutional ties with the monarchy to employ the nation's strict *lèse majesté* laws to quell dissent. The succession of the unpopular King Maha Vajiralongkorn from the beloved King Bhumibol Adulyadej, in 2016, has only served to increase incidents of critical speech by citizens, and subsequent cracking down by the military. One citizen, for example, has been jailed for 35 years due to a Facebook post that insulted the monarchy, while a prominent human rights lawyer is facing up to 150 years in jail under vague charges relating to these statutes.¹²⁴ ¹²⁵ Thus, U.S. attempts to guide the Thai government towards democratic elections through public statements only serve to strain tensions further and create more distance in the relationship.

How, then, has China filled the gaps in the U.S.-Thai relationship? Most clearly, China's foreign policy does not attempt to interject itself in the domestic affairs of other nations. This principle of non-interference appeals to both authoritarians and democrats. For the former, it prioritizes sovereignty and stability over human rights and democracy (thus the robustness of economic aid or diplomatic relations are not predicated on the appearance of upholding certain values-based contingencies). For the latter, it theoretically hedges against fears of tampering in elections or attempts to influence overseas ethnic communities of Chinese descent (of which Thailand and the Philippines both have sizable communities). Soon after the 2006 coup, for example, Chinese Premier Wen Jiabao met publically with interim Thai Prime Minister Surayud Chulanont, announcing closer, friendlier relations. China also provided Thailand with USD\$47 million in military aid in February of 2007, while U.S. aid was still suspended.¹²⁶ As the United States has scaled down participation in Thai-hosted Cobra Gold regional military exercises since

¹²⁴ Agence France-Presse, "Man Jailed for 35 years in Thailand for Insulting Monarchy on Facebook."

¹²⁵ Lefevre, "Thai Rights Lawyer Faces Up to 150 Years in Prison for Royal Insult."

¹²⁶ Zawacki, *Thailand Shifting Ground between the US and a Rising China*, 197-98.

2014 (down from 9,500 personnel in 2013 to a historic low of 3,500 in 2017), China has continued its Blue Strike joint naval exercises as well as beginning joint air force exercises. In December 2016, Thailand and China announced the development of a joint military production facility in northern Khon Kaen for the assembly, production, and maintenance of Chinese weapons systems for the Thai military by the Thai government's Defense Technology Institute.¹²⁷ The Royal Thai Navy has also announced their intention to buy three S26T submarines from China. The Thai government has already granted approval for the USD\$390 million purchase of the first of these submarines, to be paid out over a seven-year period.¹²⁸

Similar to the situation in the Philippines, then, a rising China has not so much caused the unconsolidated state of Thailand's democracy, but provided an alternate, lucrative foreign policy option that can accommodate its domestic political turmoil in a non-interventionist, non-judgmental manner. The United States recognizes the geostrategic importance of Thailand, both in the region and in the global war on terror, and thus does not seek to break off diplomatic relations entirely due to human rights abuses or anti-democratic coups; however, critical comments by figures such as U.S. Deputy Secretary of State Daniel Russell and U.S. Ambassador Glyn Davies have also created real meaningful tensions between the junta regime and the United States.¹²⁹ As can be seen above in the recounting of Thai resentment of the post-1997 crisis IMF package, tense U.S.-Thai relations are not exclusive to the present junta regime. Thus, closer economic and diplomatic relations with China have presented an appealing option even during the democratic period as a way to reduce perceived overreliance on the United

¹²⁷ Parameswaran, "What's with the New China-Thailand Military Facility."

¹²⁸ Reuters Staff, "Thai Navy Defends Submarine Purchase, Shrugs Off Criticism."

¹²⁹ Prasirtsuk, "An Ally at the Crossroads: Thailand in the U.S. Alliance System," 122.

States as an economic and aid partner, including the failures of the U.S.-led “Washington Consensus” economic model.

VII: Analysis

In reviewing the cases of Thailand and the Philippines we are more accurately able to assess the validity of the proposition that elite-dominated patron-client politics, pervasive corruption, inequality despite economic growth, vulnerability to outside economic shocks, and a “rising” China have contributed to these countries’ inability to consolidate their “third wave” democratic transitions. The case studies above show the ways in which elites have monopolized political and economic power through patron-client relationships and reinforced these relations through various forms of corruption, bribery, and vote buying. This has exacerbated gaps in economic inequality. As a result, the democratic elections and institutions in these countries have become discredited. Additionally, large swaths of the population in each country constitute a disaffected demographic ripe for populist sentiment that is based on the immediate betterment of their living situation rather than on the promise of meaningful liberal democratic reform. Elites perceive such populist challenges as an existential threat (reinforcing the validity of Acemoglu and Robinson). In Thailand, this precipitates the intervention of the monarchy and the military. In the Philippines, this can result in elite attempts to subvert adversarial presidencies by bringing scandals to light and impeachment proceedings. In both cases, the system of competition at the elite level, or attempts to address the social inequality that underpins it, perpetuates social instability. Outside shocks, such as the 1997 financial crisis, serve as catalytic moments for these social systems—exacerbating inequalities, weakening incumbent regimes, and creating greater space for competition over power.

The ways in which authoritarianism manifests itself in Thailand and the Philippines differs: in the former it is very clearly seen in the coup itself and the junta’s human rights abuses against its critics and political dissenters; in the Philippines, it can be seen in Duterte’s

vilification of journalists and the high-profile extrajudicial killings of the war on drugs, which has claimed an estimated 12,000 lives.¹³⁰ This is due to the specific conditions on the ground in each country. The underlying factors that have caused current events, however, are similar in both cases—as outlined above. The “third wave” democracies in both countries established formal avenues of competition for political power following military rule or dictatorship, however in both cases the transitions were essentially reverses to the previous elite-dominated status quo. Thus, while the current state of affairs is often shocking, it should come as little surprise.

The case studies above have firmly established the presence and meaning the roadblocks to consolidation—but how can one observe the ways in which these factors have undermined views of democracy in these countries? Polling helps to reveal how citizens in the Philippines and Thailand conceive of democracy. When asked to list the major characteristics of democracy, only 41% of respondents in the Philippines listed “liberty and freedom.” In Thailand, this number was 24%. “Political process” was mentioned as a major characteristic by 10% and 42%, respectively. Only 69% of Filipinos and 64% of Thais were able to define democracy through open-ended questioning. In assessing attachment to democratic or non-democratic regimes, polling showed that Thai expressed support for civilian, one-party, and military-led governments at respective rates of 21.9%, 17.7%, and 19.7%. In the Philippines, the numbers were 38.5%, 33.1%, and 24.4%.¹³¹ In summarizing the data, the researchers, Shin and Cho, concluded that while democracy is the preferred regime type for Southeast Asians, they struggle to define what makes a political system democratic. Additionally, liberal conceptions of democracy did not

¹³⁰ Human Rights Watch, “Philippines: Events of 2017.”

¹³¹ Shin and Cho, “Contours and Barriers to Democratization in Southeast Asia: A Comparative Analysis of How Southeast Asians View Democracy,” 19-25.

meaningfully enter into its ideation—it is, instead, the competitive aspects of the democratic system that predominate. That Southeast Asians understand democracy in authoritarian terms can be seen in 98% of Thai respondents, and 91% of Filipino respondents, asserting that their regimes are fully democratic (this finding is further underlined at the regional level by the fact that 99.5% of Vietnamese, as well, state that their country is democratic).¹³²

The issue of the external influence of China and the United States is an important, if not causal, factor. Thailand and the Philippines' shifts away from the United States is less zero-sum alignment with China, whereby U.S. influence is necessarily diminished in absolute terms, than it is relative adjustment to shifting circumstances. A rising China over the past three decades has required Thailand and the Philippines to adjust their foreign policy priorities. In the bipolar world of the Cold War, Thailand and the Philippines were more firmly within the U.S. sphere of influence—serving as important staging grounds for U.S. military operations during the Vietnam War, for example. In the current regional context, China and the United States are competitive partners that do not currently pose an ideologically motivated existential threat to the other. This leaves room for smaller states, such as Thailand and the Philippines, to develop collaborative relations with both sides to their own benefit. For example, just as Thai-U.S. relations face complications around issues of human rights and democracy, so too do Thai-China relations face their own complications. Fears that China has become too heavily involved in tourism and agriculture sectors resulted in Thai government action to restrict preferential Chinese access. A Belt and Road high-speed rail project from eastern Thailand to Laos and China has also faltered due to concerns over development rights and loan structure.¹³³ For the Philippines, as well, the difficulty of territorial disputes has not been entirely settled. Despite Duterte's conciliatory tone

¹³² Ibid., 34.

¹³³ Crispin, "Thailand's Post-Coup Foreign Policy: Omnidirectional or Directionless?"

with Beijing in recent years, the Philippine Secretary of National Defense, Delfin Lorenzana, recently stated that the Philippines' purchase of three Japanese TC90 aircraft was designed to increase the Philippines' maritime security capabilities specifically in relation to Chinese presence and claims.¹³⁴ As both states pursue multi-directional foreign policies (as are in their interests) a dynamic has developed in which the United States remains a reliable security partner for both countries (due to its desire to project power in the Asia-Pacific, as well as for the roles of both countries in the Global War on Terrorism—the latter of which actually expands the budgets, capabilities, and legitimacy of the non-civilian controlled military forces), but a less unique economic and diplomatic partner. While the alternate policy options that China presents give the regimes in Thailand and the Philippines “cover” for their illiberal behaviors and human rights abuses, a zero-sum reading of the situation would prove overly simplistic.

In conclusion, below, we may look beyond the particulars of the case studies themselves to consider the larger theoretical questions about democratization and democratic consolidation posed in the literature review. What can these case studies demonstrate, more broadly speaking, about the role of domestic and international economics in democratic transitions and consolidation?

¹³⁴ Reuters, “Philippines Defense Chief Says China Sea Dispute Still a Challenge.”

Chapter VIII: Conclusion

Returning to the larger theoretical question posed earlier in this thesis, one can see the value in expanding the understanding of democratization beyond a binary “yes/no” equation. A democratic transition, then, does not necessarily equate to a consolidated democracy. While Thailand and the Philippines possess electoral traditions, and have experienced democratic transitions, fundamental aspects of the democratic institutions these transitions have created (or revived) include vote buying, bribery, clientelism, nepotism—making them inherently undemocratic. Elections, then, prove to be a competitive system for elite factions, largely detached from maximalist democratic values that seek to create a more equitable society through representative governance. This delegitimizes the electoral process and its results, while also ensuring that those in power (or in contention for it) continue to utilize these same methods to either maintain their position or achieve it in the future. The persistence of social discrepancies between those with a monopoly on political and economic power and those without it creates instability.

That a nearly unanimous share of Thais and Filipinos assert their country is a democracy, however, is useful in discussing democracy at a theoretical level—is there a single definition of democracy? It places importance on qualifying this term in a maximalist, rather than a minimalist, sense in order to approach it in a more nuanced way. This also raises interesting questions regarding such hybrid regimes: should Thailand and the Philippines be regarded as sub-types of democracy or, instead, as sub-types of authoritarianism?¹³⁵ This is an area for further consideration for both theorists and practitioners. If democratic consolidation can be seen as the status of democracy (both its electoral processes and associated liberal values) as “the only

¹³⁵ Collier and Levitsky, “Democracy with Adjectives: Conceptual Innovation in Comparative Research,” 450.

game in town,” one can observe in Thailand the Philippines that the during the “third wave” democracy was indeed established as the “only game”—however, the rules of the game were constructed in fundamentally un-democratic ways that replicated previous systems of social power, which favored entrenched elites. Additionally, once the results of the “game” proved unsatisfactory for opposition factions, they worked to undermine the results and reengineer them in more favorable ways. This has severely inhibited the quality and durability of democracy in these countries, and provided a central roadblock to its consolidation.

In Southeast Asia, the inclination towards over-optimism following democratic transitions is not limited to Thailand or the Philippines. For example, following the transition from decades-long military junta rule to parliamentary democracy in Myanmar in 2011, the United States began lifting sanctions and reestablishing aid despite the fact that the military still maintained a constitutionally-mandated percentage (25%) of seats, was involved in illicit economic activity such as the illegal jade trade, and faced a human rights crisis with the Muslim Rohingya ethnic minority.¹³⁶ The cases of Thailand and the Philippines, then, should provoke one to think more seriously about the economic factors underlying the failures of promising democratic transitions to consolidate to equitable democracies in the long term, and as a caution to policy-makers against reacting too quickly in the hopeful aftermath of a democratic transition. It prompts one to look beyond sheer growth and ask: how is a given state’s economy positioned in terms of domestic equity and vulnerability to crises; who is the economic system designed to profit, and how disproportionate is this wealth spread across society; and, finally, how do groups that profit most from the status quo seek to maintain it, even in the aftermath of crisis or regime-type transition? By studying how economic access and political power are distributed both

¹³⁶ Smith and Andrews, “This is Not the Time to Ease Up on Burma.”

before and after a transition, one can more accurately understand why and how the democracy will fail to consolidate and social unrest and instability may occur—whether through populist movements, demonstrations, elite parliamentary maneuverings, or military intervention. There are global applications for these questions and lessons learned from these cases; however, as Thailand again promises to hold elections in 2019 (engineered by the current NCPO junta) and Duterte’s term is expected to run until 2022 (as extrajudicial drug-war murders and harassment of journalists show no signs of abating) the inabilities of their “third wave” transitions to consolidate in a maximalist sense will hold continued relevance going forward.

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