

The return of the old-school Thais

Eric Ellis meets the Wykehamist and the Old Etonian who head recession-hit Thailand's new government, and asks whether foreign investors can have confidence in them

He was born in South Kensington; his character was built at the spartan Old Malthouse prep school on the Dorset coast and at Winchester, alma mater of Hugh Gaitskell, Geoffrey Howe and Willie Whitelaw; then came the obligatory degree in PPE at St John's College, Oxford, before successful spells with Warburgs, Robert Fleming and JPMorgan that transformed him into a very wealthy man.

His father was a senior civil servant and his grandfather a Privy Councillor. He's tall, handsome, charismatic, just 45 — and sure enough, he's now deputy leader of his political party. Did I mention that he has a perfect family too? Is there a better pedigree for 11 Downing Street, en route to Number 10? Probably not, but unfortunately for Britain, the Treasury that Korn Chatikavanij runs is that of the Kingdom of Thailand.

Still, there may be hope yet. As the old saying goes, an Englishman might remove himself from England but England can never be removed from the Englishman. Discussing details of the massive stimulus package he's designed for the Thai economy, Korn makes a revealing, possibly Freudian, slip.

'So pound for pound,' Korn's rounded vowels explain, 'it's going to provide more of a response to the economy.' Pound for pound? 'Oh,' he corrects himself, 'rather, baht for baht' — and goes on to describe how he's going to rescue Thailand. It's the only beat he misses in a 90-minute interview at Bangkok's confection of a Parliament House.

Thailand could use a bit of the stiff upper lip Korn acquired with his English upbringing. After coups, years of political turmoil, rampant corruption, death squads, four governments in a year and an economy plunged into one of the world's deepest recessions by a catastrophic airport blockade, Thailand is on life-support.

Korn has been finance minister since December. He had been shadowing the previous three governments, but when yellow-hued protesters overthrew the proxy stooges of the billionaire Thaksin Shinawatra — late of Manchester City FC — in a remarkable manifestation of middle-class monarchist people's power, Korn got the job he had been groomed for. But he wouldn't have got it had the Royal Palace and its military custodians vetoed him. Mindful of the tumult that saw his party unexpectedly installed in office, I ask him if he's Thailand's accidental finance minister. 'I'm the first finance minister from the other side of the political spectrum. There was a genuine change in government, instead of just a change of face. So the short answer is no.'

Korn's notional boss is his old St John's classmate, Abhisit Vejjajiva, whose CV would also add lustre to Westminster's Tory benches. At Eton, Abhisit was known as 'Mark' and 'Veggie' to chums like Boris Johnson whose cut-glass vowels couldn't negotiate his Thai name. (Johnson spent his gap year staying with Abhisit in Bangkok, and boasts he is the only British politician who can spell 'Vejjajiva'. The two remain close friends.)

Abhisit is Thailand's new prime minister, its fourth in a year, five if you include a brief caretaker. He and Korn are the Bangkok housewives' favourites — but how long this attractive and urbane duo will remain in

office is the pressing question facing Thailand and the brave souls who invest there. In barely two years since the autocratic Thaksin was ousted in a military coup — the 18th in 77 years, but the first in 14 years — Thailand has descended from being one of Asia's most stable democracies to arguably its most troubled. 'The numbers are bad, and we need to turn things around,' Abhisit says.

His elected predecessors were forced from a job they were never fit to perform when pro-monarchists — the so-called 'yellow shirts', their uniform being King Bhumipol's favourite colour — blockaded government buildings and laid devastating siege to Thailand's airports. Korn and Abhisit know they could go the same way, harried by the same protesters if the tide turns — or by their pro-Thaksin political opponents in red shirts, who now deploy the same tactics that succeeded for the yellow shirts, some of whom now sit in Abhisit's cabinet.

This latest political stoush has had an impact on the economy. The blockades crippled trade and tourism and still reverberate in the region. They caused huge damage to the reputation of the self-styled Land of Smiles as a safe place to visit and invest, and the country lost \$10 billion in earnings.

Despite their youth, in many ways Abhisit and Korn are a throwback to the 'Old-School Thai' past. Abhisit insists he is his own man but his rule depends on the patronage of the traditional establishment: the palace and its aristocracy, the military and Bangkok's patrician business elite. He is a cleanskin — a rarity among Thai politicians — but it's tricky for him in parliament too. His Democrat party's flimsy majority was delivered only after a grubby deal with a soiled kingmaker who switched allegiance from Thaksin's proxies and got five of the most-monied ministries as reward. Says the out-spoken Thai academic Thitinan Pongsudhirak of Bangkok's Chulalongkorn University: 'Thailand's political clock has been wound back to before the Thaksin era.'

Korn admits he was surprised and somewhat discomfited by the deal that put his team in office. Only two months earlier, he had written a strong open letter to Bangkok's media, pouring scorn on Thailand's corrupt political culture, where crossing the floor can carry a price tag of \$1 million per defector. Naming the parliament's octogenarian speaker, Korn wrote that 'the democratic system is meant to provide us with, at worst, political leaders of average competence. What we got, however, was the most toxic combination of leaders that we could possibly have imagined.' But in December, Korn's Democrats did a deal with a faction led by the speaker's son, who crossed the floor to sit with them. Now the language has moderated. 'I have to admit it was an eerie feeling to have that group come and sit on our side,' he says. 'Coalition partners are always important, not least because at the heart of our partnership is a faction that was the core part of Thaksin's old TRT [Thais Love Thais] party, and it looks like an unholy alliance.'

It's too black and white to see the root of Thailand's red–yellow dilemma as royalist versus republican: there are plenty who revere the palace on Thaksin's side. Republicanism, if it exists, is well hidden. But many monarchists are threatened by Thaksin, who they (probably correctly) suspect wants to make himself bigger than the palace, and possibly overthrow it.

Though a billionaire, Thaksin draws support from the rural poor, whose votes he bought with cash handouts. His 75 per cent majority in the 2005 elections appalled Bangkok's establishment. But he overreached himself in 2006 when he sold his family telecoms company to the Singapore government without paying taxes on the deal. The military ousted him in September and Thaksin has since floated around whatever country will host him and his entourage — including Britain until his Manchester City billions had been banked, then his visa was cancelled. A fugitive, accused of massive corruption and with much of his fortune frozen, he still works political rallies by telephone loudspeaker.

Today, Bangkok swirls with rumours of republican plots. It all makes strident royalists feel that Thais must act against any perceived threat, local or foreign, to the established order. The BBC's Thai correspondent Jonathan Head has been accused thrice of *lèse majesté*, and a dozen prominent people have been thrown in jail for supposedly offending the palace. All this intrigue distresses business; in two weeks of interviews with Bangkok diplomats, academics, bankers and business people, rare were those who would discuss the monarchy and the implications for Thailand with frankness, and only then when deeply off the record. But the monarchy's future is of paramount concern for foreign investors, anxious about further instability now that they've seen how it can directly impact their bottom line.

King Bhumipol is 81 and frail. His designated successor, Crown Prince Vajiralongkorn, carries considerably less lustre than his father. Bangkok salons twitter with princely gossip; of his family, his health, his habits, his supposed relationship with Thaksin. Thailand is suddenly unpredictable and ultra-sensitive, a potent if sclerotic mix that makes investors concerned about what will come with the king's eventual passing.

For the moment, the clubbable Korn and Abhisit are keen to project themselves as safe hands, working the international circuit to assure the markets and the media that their government is secure and that Thailand is returning to normal — whatever that is.