

The rubber seeds came late. The rainy season was almost over. As the dry season approached, anxious farmers planted the seeds and they prayed. The seeds failed to grow. The farmers' lands were once again barren. Their rice bowls were empty, and their faith in democracy was shaken. Their crisis of faith helped set the stage for the military coup of September 2006, which ended a nine-year run of constitutional democracy.

The seeds were another election promise turned sour. Not long before the 2005 general elections, the populist government led by former Prime Minister Thaksin Shinawatra announced a bold scheme to eradicate poverty among rice farmers in Thailand.

The plan was simple — turn parts of agricultural areas into rubber plantations for extra income. After all, rubber was fetching record prices in the world market. The Ministry of Agriculture and Cooperatives said that under the program, 90 million free rubber saplings were to be delivered to small farmers during a three-year period beginning in 2004.

Rice farmers in Thailand's destitute North and Northeast have been caught in a vicious cycle of poverty for generations. After loan repayments and capital investments each year, most families have little left on which to survive. As soon as the rice-harvesting season ends, most young people migrate to big cities to look for jobs to supplement their income. While men drive taxis or work in construction, many women end up in the sex trade.

The "free rubber seeding" policy was announced when Thailand, the world's biggest rubber producer, was enjoying a sharp hike in natural rubber prices. Farmers who were growing low-value crops such as corn and tapioca for extra income dreamed of making it big by growing rubber trees instead. Thaksin won a landslide victory in the 2005 elections, carried by the farmers' votes.

The architect of the rubber scheme was Thaksin's right-hand man, Nawin Chidchob, the deputy agricultural minister. He kicked off the bidding for a private contractor to produce and deliver the seeds to the farmers. The bidding process, however, proved to be scandalous. The criteria set by the Agricultural Ministry excluded small companies and rubber cooperatives from participating, leaving only three qualified bidders: Charoen Pokphan Seeds Co. Ltd, a subsidiary of Thailand's largest conglomerate Charoen Pokphan (CP Group), Resort Land

and Charoen Pokphan Engineering. But after a complaint was lodged over obvious business ties, including cross-shareholderships among the three companies that indicated potential collusion in the bidding process, the attorney general's office launched an investigation.

However, the probe cleared all three companies, and Charoen Pokphan Seeds was eventually selected as the sole provider of the rubber seeds, in a deal worth 1.43 billion baht (US\$45 million). Such a result was not surprising given CP's political clout. CP Group, whose business empire spans agribusiness, telecommunications and retailing, has annual sales revenue of US\$13 billion. It is also known for providing ample financial support to several political parties, including Thaksin's Thai Rak Thai.

Excitement hit the poor provinces, with hundred of thousands of farmers applying to join the program.

The 142,300 farmers picked to participate in the project were asked to clear their land of existing crops to prepare for rubber growing. The government instructed the state-owned Bank for Agriculture and Agricultural Cooperatives to provide loans to the farmers. Land was cleared and loan money was spent. The farmers waited for the seeds to arrive in time for the rainy season. But nothing was delivered until the rain was almost gone. Finally, the first lot of rubber saplings arrived in poor condition. The farmers had no choice but to plant them.

Months later, a large number of the rubber trees died, leaving some growing areas almost desolate. Farmers struggled to pay their debts. While many of them tried to go back to growing other crops, some gave up and headed to Bangkok for work. Sathen Wongsuriya, one of the affected farmers, said only two of 900 saplings survived on his land. "I borrowed 30,000 baht (US\$945) from the bank. I have no more money left. Perhaps I will look for a job in Bangkok," he said.

The Agricultural Ministry's Rubber Replanting Aid Fund reported in early 2005 that about 2.6 million, or 20 percent, of rubber trees grown from saplings failed to make it to maturity. The disaster did not happen that year alone. Delays in distribution and the poor quality of saplings went on throughout the three years of the scheme. By 2006, farmers began withdrawing from the project out of fear that it would eat up their investment. The last lot of saplings, which was scheduled to be delivered to the farmers in 2006, had yet to reach the farmers in 2007.

The key reasons for the debacle, according to rubber experts, are Charoen Pokphan's lack of rubber growing experience and the unusual rush to implement the project by the Agricultural Ministry. The company failed to provide the 18 million saplings as stipulated by the government. In 2004 alone, it missed the target by 5.4 million.

Then, on Sept. 19, 2006 Thaksin was ousted in a military coup while he was taking an overseas trip. The generals behind the coup claimed the high level of corruption by his government was the reason for their political intervention. Later, the Asset Examination Committee (AEC), a body established to probe corruption under Thaksin's government, set up three subcommittees to investigate alleged corruption cases. One of them was the rubber seeding scandal.

The AEC has since implicated former Deputy Agricultural Minister Nawin Chidchob, a top ranking civil servant, and former Deputy Agriculture Permanent Secretary Chakan Saengraksawong, board members of Charoen Pokaphand Seeds, as well as board members of the two other companies participating in the bidding process.

According to the AEC, the "free rubber seeds" project was designed to benefit big companies instead of small farmers. If found guilty, those involved could be jailed, while CP Group might be fined as much as 750 million baht (US\$23.6 million). The investigation prompted former Prime Minister Prem Tinnasulanondda, the president of the king's Privy Council, to resign from his position as chief advisor of CP Group.

The scandal is among many alleged corruption cases involving Thaksin's government. In June 2007, the AEC froze his assets and those of his close relatives after five charges were filed against them. Along with the rubber seeds scandal, the charges alleged corruption in a series of deals including the purchase of a Bangkok plot of land worth 772 million baht (US\$24 million) by Thaskin's wife; the 1.5 billion baht (US\$47 million) purchase of bomb scanners for the new international airport; the 37.79 billion baht (US\$1.19 billion) lottery project; and an exemption given to Shin Corporation, a telecommunications firm owned by Thaskin's family, from paying 30.6 billion baht (US\$964 million) in concession fees.

In August 2007, the Supreme Court ordered the ex-prime minister's arrest after he failed to appear in court. Thaksin is now in exile, living a life of luxury in London. The massive scale of corruption under the Thaksin regime helped justify the Sept. 19, 2006 military intervention, and

made it one of the most popular coups in the country's history. But in turn it was also a major set back for democracy. The coup led to the abolition of the 1997 Thai Constitution proudly known as the "people's constitution," widely believed to be a fundamental achievement in the development of democracy in Thailand.

Theerayuth Boonmee, a prominent Thai political analyst, said that while the Thaksin crisis was so critical that the military intervention became an accepted solution for many, the post-coup government has failed in many respects. This includes a failure to crack down on corruption. The AEC, he said, which was successful in investigating the wrongdoings of the Thaksin regime, should also investigate many other corrupt politicians who were not members of Thaksin's circle.

The AEC investigations do not, however, guarantee a solution for victims of the corruption either. Take, for example, the 100,000 people who live near the scandal-ridden international airport. One year has passed since the coup, and they continue to suffer through the life-altering noise pollution caused by 76 plane landings per hour without proper help from the government. Each time a plane takes off or lands conversations stop, classes are interrupted, and at one point, an elderly man died of a heart attack.

In the north, it remains unknown how much poor farmers have lost in the "free rubber seeds" scandal. In June 2007, the Cabinet approved an emergency fund of 235 million baht (US\$ 7.4 million) to replace the rubber saplings for those farmers who had opted to stick with the project. But there was no compensation given to those who had sustained losses.

This is not the first time promises have been made and broken. In 2002, farmers burned bags of free organic fertilizers in front of the Parliament after they discovered that the fertilizers turned out to be dried mud mixed with husk.

The farmers have been duped time and again. A new planting season has begun. And again they pray.



