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'Sex Bomb' Hitting Bloody Bangkok Isn't a Buy: William Pesek  
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Commentary by William Pesek

March 25 (Bloomberg) -- "You want to donate blood?"

One gets many head-turning offers walking the streets of Bangkok - pirated DVDs, colorful bars, gems, sex, you name it. The opportunity to share my blood was a first, and it says much about where Thailand finds itself as 2010 unfolds.

There is literally blood on the streets. Protesters have been dumping it to prod Prime Minister Abhisit Vejjajiva to step down. And what are investors saying? Thailand is a buy. Both the baht and stocks are surging.

All this buying raises an obvious question: What in the world are they thinking?

There's even a role in this macabre tale for Tom Jones. Much was made of the crooner of "Sex Bomb" fame showing up over the weekend for a concert. Surely it's a sign Thailand's political chaos isn't scaring the outside world, the media said. Jones played days after Kool & the Gang rocked Bangkok.

The real tune to which investors are singing along is to buy Asia. Euphoria over Asia's floats-all-boats rally is eclipsing the risk that Thailand's crisis will persist and disappoint investors.

"For me, if you're working on the basis that a rising tide carries all boats, why not be in another boat -- like Indonesia?" says Simon Grose-Hodge, a strategist at LGT Group in Singapore.

Abhisit rarely misses a chance to play up the stability he has brought since December 2008. Given that the anti-government demonstrators -- at times numbering as many as 100,000 -- staging peaceful protests in Bangkok since March 12 have made little headway, he has a point.

#### Thaksin in Charge

The trouble is, Abhisit sometimes doesn't appear to have full control of Thailand, not with Thaksin Shinawatra looming over it. Officially, Thaksin was ousted in a September 2006 coup amid corruption allegations. Unofficially, he is leader-in-exile, governing by proxy from far-off places like Dubai and Montenegro.

The "Red Shirts" clogging streets and supposedly fighting for democracy are Thaksin's people. The irony is that Thaksin has rendered one of Asia's most promising democracies virtually ungovernable.

Thaksin's personal history as Thailand's answer to Silvio Berlusconi and his decidedly undemocratic ways got him in trouble. Like the Italian prime minister, Thaksin was a tycoon who leveraged his business success to become leader. Thaksin, like Berlusconi, also has been accused of using public office to advance his private business interests.

#### Thailand's Protesters

Thailand's billionaire-turned politician was ousted by the military in 2006. He never really left, and the Cult of Thaksin continues to overwhelm Thai officialdom. A cult figure is often defined by a dogmatic devotion to a spurious person or idea. Thaksin is both.

In reality, Thaksin was never the transparent leader his supporters in red think. His economic policies, dubbed "Thaksinomics" were never more than Tammany Hall-like doling out of cash for support.

If they want to succeed and be taken seriously, Thailand's protesters need to find a new figurehead. It's silly to wrap your movement around a man who bastardized democracy and neutered its institutions.

Thaksin is no Nelson Mandela or Mahatma Gandhi, as some have suggested. That's delusional. Neither India's Gandhi nor South Africa's Mandela would have fled their countries and their supporters. Neither would have plotted their government's demise from luxury hotel suites and television studios around the globe. That's Thaksin for you.

#### Political Elite

Is Abhisit a model leader? No. To many, the University of Oxford graduate represents a political elite that most Thais abhor -- certainly Thaksin's supporters, many of whom are from poor areas in northern Thailand. If you want to oust Abhisit, put forth a credible opponent, one beyond Thaksin's influence, and get that person elected democratically.

There are no indications on the ground in Bangkok that such a process is afoot. The reliance on people power, instead, is bad news for investors. Not that many are taking these risks to heart; they are too busy loading up on baht-denominated assets.

The peaceful nature of recent protests helped make Thailand's SET index one of Asia's best performers this month. The baht is near a 22-month high after overseas investors added to holdings of the nation's shares for a 21st day yesterday, the longest stretch since 2005. Yet what about the all-too peaceful nature of economic reforms in Bangkok?

#### World Won't Wait

The world won't sit idly by as Thailand gets its act together. China will still be booming as Abhisit tries to restore calm. India will increasingly attract foreign capital as grenades explode in Bangkok and blood is tossed at government buildings. The rest of Southeast Asia will be progressing as Thailand tries to get its groove back.

The longer Thailand's crisis unfolds, the more likely markets are to look elsewhere. Investors are fickle animals in a perfect world. They are even less predictable in an environment in which the dangers of another financial crisis are clear and present. Thailand may come up short if markets plunge anew.

So it's great that performers such as Jones and Kool & the Gang are still jetting in to Bangkok. Yet it's more about who leaves. It's more important to get larger-than-life personalities -- like Thaksin -- out of national life in a country that needs to move forward.

(William Pesek is a Bloomberg News columnist. The opinions expressed are his own.)

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