

# Tense confrontation continues between Thai prime minister and protestors

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The political standoff in Bangkok between Thai Prime Minister Thaksin Shinawatra and opposition leaders calling for his removal shows no signs of abating, despite high-level appeals for the two sides to resolve the crisis.

Thousands of demonstrators have camped outside Thaksin's office at government house since a major rally on March 14 when protest leaders vowed to stay until the prime minister stood down. Yesterday an estimated 5,000 protestors marched along Silom Road in the centre of Bangkok's business district chanting, "Thaksin get out!". They stopped outside the headquarters of Charoen Pokphand Group, a major conglomerate with close ties to Thaksin.

Anti-Thaksin rallies swelled to more than 100,000 last month, following public outrage over the sale of the controlling share of Shin Corp, the country's largest mobile phone and Internet company, to Singapore's Temasek Holdings. The deal, which was carefully engineered to avoid the payment of capital gains tax, netted Thaksin family members \$US1.85 billion. Another major demonstration is planned for Saturday.

Since coming to power in 2001, Thaksin has alienated sections of the country's ruling elite, including those who previously supported him. Two of the main protest leaders—Chamlong Srimuang and Sondhi Limthongkul—are both former Thaksin allies. Chamlong, an ex-Bangkok governor, was instrumental in helping Thaksin form his Thai Rak Thai (Thais love Thai) party and win the 2001 election.

Protesters have appealed to the Thai king Bhumibol Adulyadej to intervene to remove Thaksin. At this stage, while hinting at opposition to Thaksin, the monarch has been reluctant to step in. Over the past week, Privy Councillor and royal adviser, General Prem Tinsulanonda, twice called for an end to the standoff. "All parties need to think and act for the best for our country and our people," he said.

Significantly on March 12, state-run television channels all broadcast coverage from the king's last political intervention in 1992 amid huge protests in Bangkok against the military-backed regime of General Suchinda Kraprayoon. To prevent the crisis from spiralling out of control, the king called the general and the main opposition leader—Chamlong Srimuang—to the royal palace. The meeting resulted in Suchinda's resignation and elections.

The parallel is obvious—large protests led by Chamlong and an unpopular government. So is the message: Thaksin can no longer count on the support of the king, who has significant backing among the military and conservative ruling layers. If the crisis continues, the king, or perhaps the military, may be forced to intervene again.

The sharpness of the tensions in the Thai ruling elites was indicated by a small bomb blast outside the home of Prem Tinsulanonda on March 12. Prem had been mooted as the possible head of an interim government if Thaksin stepped down. It is therefore likely that the bomb, which injured no one and caused little damage, was meant as a warning by supporters of Thaksin to Prem, and possibly the king.

The standoff is likely to come to a head in the next week. In a bid to undercut the political opposition, Thaksin called fresh elections for April 2—just a year after the last national election in which he won an overwhelming majority of parliamentary seats. However, the main opposition parties—the Democratic, Chart Thai and Machahcon—have demanded electoral reforms and are boycotting the poll.

The election is rapidly turning into a farce. The National Election Commission has disqualified more than 300 of the 941 candidates. At least 271 of the 400 individual constituencies have only one candidate—most of them from Thai Rak Thai (TRT). Under Thailand's electoral rules, 20 percent of eligible voters are required to vote in uncontested electorates to validate the election. In some opposition strongholds, the TRT may not get 20 percent. Parliament cannot meet and choose a new prime minister unless all 500 seats—400 individual electorates and 100 party list seats—are filled.

The filling of the list seats has been complicated by the decision of one of the 100 TRT list candidates to withdraw. None of the other small parties expect to gain the necessary threshold of 5 percent of the vote to obtain a list seat. TRT now has only 99 candidates, leaving one seat not filled. The Election Commission met yesterday to discuss postponing the poll, but announced that it was unable to change the date without a royal decree.

Even if the election is held on April 2 and all seats are filled, the result will resolve nothing. The main opposition parties have indicated that the protest campaign will continue

regardless. The rift in Thai ruling circles reflects basic differences over economic policy that have been exacerbated by a downturn.

In 2001, Thaksin defeated the Democratic Party government on the basis of appeals to Thai nationalism and opposition to its IMF-dictated market reforms. The economic restructuring measures imposed following the 1997-98 Asian financial crisis not only impacted on the living standards of broad layers of the population, but undermined sections of Thai business unable to compete internationally. Thaksin promised to help out Thai companies and to provide handouts, particularly in rural areas where he retains a strong base.

Since then, however, Thaksin has been under international pressure to continue the economic reforms. He is making changes to the state-owned banking sector, decentralising state education and proceeding with a program of privatisation, including the Electricity Generating Authority of Thailand (EGAT). Bangkok is also under pressure from Washington to quickly conclude a bilateral free trade agreement to open up the country for foreign investment by making changes to tax, labour, trade and investment rules.

Protest leader and business tycoon Sondhi Limthongkul embodies the shifting winds. Having lost his corporate empire in the Asian financial crisis, Sondhi backed Thaksin in 2001 and, with the new prime minister's assistance, was able to rebuild his media business. While Sondhi has not explained why he turned on Thaksin, his nationalist denunciations of the Shin Corp sale to a foreign company controlled by the Singapore government indicate the underlying concerns.

Sondhi has gathered into the opposition camp, sections of business, the trade unions and layers of workers including teachers, EGAT workers and national airline staff opposed to Thaksin's economic restructuring and privatisation. They have been joined by others critical of Thaksin's anti-democratic methods and his tight control over the media. The Democratic Party, despite having a different economic agenda, has joined the opposition movement to avoid being relegated to the sidelines.

The past month has seen growing signs that the political establishment is shifting against Thaksin. National Police General Archirawit Suphanaphesat recently told the media he had written to the prime minister asking him to step down. At a rally on March 15, three former members of Thai diplomatic corps appeared on the platform. Surapong Jayanama, a former ambassador and senior foreign ministry official, denounced Thaksin for subordinating foreign policy to domestic political purposes and damaging Thailand's reputation on democratic and human rights. In particular, he criticised Thaksin's repressive measures in the country's south, which have fuelled a growing armed Muslim insurgency.

The differences over economic policy have widened amid signs of a slowdown. The country's GDP growth rate fell from 6 to 4.5 percent from 2004 to 2005. The Thai Chamber of

Commerce University's Centre for International Trade Studies predicts that growth for 2006 will be between 3.2 and 3.98 percent. Even before the current crisis, Thailand was losing investment to other countries, especially Vietnam, including a \$US513 million computer chip venture by the US firm Intel. The Centre predicts a further 6 percent decline in investment this year.

The current issue of *Newsweek* pointed out that Thailand was losing out in race for investment among "emerging" countries. In 2004 the Thai stock market declined 4 percent in dollar terms and rose by a "meagre" 5 percent in 2005. While praising Thaksin's efforts at privatisation, the article noted: "In this confrontational environment it became difficult for Thaksin to push through any new reform or spending measures to trigger an investment recovery."

Business leaders are nervous about the economic impact of a protracted political crisis. On Monday, Praphad Phodhivorakhun, chairman of the Federation of Thai Industries, issued a statement declaring: "We support calls for talks to bring back peace. The economy would be hard hit if the political tensions continue over the next two months."

The Democratic Party indicated last weekend that it was prepared to hold tripartite talks—involving Thaksin's TRT, opposition parties and the protest coalition—the Peoples Alliance for Democracy. The TRT has insisted, however, that the protests are ended first. Thaksin has warned that he will impose a state of emergency if the protests get out of hand and has already drawn up the necessary decree.

Neither side in this tense standoff represents the interests of working people. Both Thaksin and his political opponents fear that the protests could start to involve wider layers of the population and become a channel for expressing broader grievances over declining living standards and the lack of democratic rights. As a result, the political establishment is likely to try to shut down the confrontation sooner rather than later.



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