

Thailand's military junta installs its cabinet

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The Thai military junta that seized power on September 19 installed its cabinet on Monday. King Bhumibol Adulyadej formally approved a list of 26 ministers submitted by the interim prime minister, former army commander Surayud Chulanont.

While the cabinet is largely composed of civilian bureaucrats, it is nothing more than a political front for the military. The armed forces, with the blessing of the king, overthrew the government of Prime Minister Thaksin Shinawatra, abrogated the constitution and dismissed the parliament. Coup leader General Sonthi Boonyaratkalin heads the Council for National Security (CNS), which, under an interim constitution, holds an effective veto over the cabinet's actions.

The defence minister is retired general Boonrawd Somtas, a former classmate of the new prime minister. He announced on Wednesday there would be no immediate lifting of martial law, under which all political activities have been banned and censorship imposed on the media. He said the measures would remain in force for at least a month, as the situation was not yet stable.

The CNS has also appointed a 242-member National Legislative Assembly (NLA) to replace parliament. This handpicked body includes 35 serving and former officers, and 60 former or current government officials. Under the interim constitution, it has the power to pass legislation and will oversee the drawing up of a permanent constitution.

A significant appointment was the choice of a Muslim, Aree Wongarya, as interior minister. His deputy is Banyat Jansena, former head of the Southern Border Provinces Administration Centre, which Thaksin abolished in 2001. These appointments are further evidence that one motivation for the coup among the military was concern over the growing separatist insurgency in the country's south fuelled by Thaksin's repressive measures.

Thai Muslim leaders welcomed the appointments as indicating the new government wanted to resolve the conflict. Former Malaysian prime minister Mahathir Mohamad revealed last week that he and the Malaysian

government had been involved in secret talks with military leaders for months trying to broker a peace deal to end the insurgency.

The cabinet's civilian complexion is a deliberate attempt to placate international criticism and concerns among foreign investors. The most prominent of the technocrats is the country's central bank chief, Pridiyathorn Devakula, who has become deputy prime minister and finance minister. Senior bureaucrats were appointed to the Labour, Agriculture and Commerce ministries. Only one serving officer—an admiral—was installed, as transport minister.

However, as far as international markets are concerned, the real question is not the personnel, but economic policies. Already divisions have emerged in the cabinet. As the *International Herald Tribune* put it on October 9: "[Prime Minister] Surayud stunned markets this month when he said he would focus on people's happiness over economic growth, and Pridiyathorn reassured foreign investors that Thailand remained committed to the global economy."

The newspaper did not bother to explain why markets should be "stunned" that someone should place people's happiness above economic growth. After all, according to the prevailing orthodoxy among defenders of global capitalism, market reforms, economic growth and people's happiness all coincide. As corporate investors are well aware, however, the economic restructuring agenda of the World Bank and IMF has resulted in a deepening social divide and mounting popular discontent in Thailand, as in other countries.

The military-backed cabinet confronts the same political and economic dilemmas as the government it ousted. Thaksin and his Thai Rak Thai (TRT) party won the 2001 and 2005 election by exploiting widespread opposition to the IMF measures imposed by the Democratic Party-led government following the Asian economic crisis of 1997-1998. Thaksin was able to build a base of support among the urban and rural poor by promising universal health care, village funds and cheap loans through a

Peoples Bank.

In power, Thaksin attempted a difficult balancing act. He implemented limited populist measures and helped prop up Thai businesses facing increasing international competition. As opposition to his government developed, Thaksin increasingly restricted the press, launched a vicious law-and-order crackdown on alleged drug dealers and stirred up communal sentiment by ruthlessly suppressing Muslim separatists.

At the same time, however, Thaksin came under intense international pressure to push ahead with privatisation, cuts to government spending and other market reforms, including a free trade deal with the US. These measures alienated sections of the working class and middle class, as well as Thaksin's backers in the ruling elite, triggering a bitter political struggle after the TRT overwhelmingly won last year's election.

Publishing tycoon and former Thaksin backer Sondhi Limthongkul began organising anti-Thaksin protests in Bangkok, which swelled to more than 100,000 after questions of corruption were raised about the \$1.9 billion sale of the Thaksin family share in Shin Corp in January. A constitutional crisis erupted after the opposition boycotted a snap election called by Thaksin in April to shore up his political position. Fearful of growing political and social unrest, the military moved in to take control of the situation.

Like Thaksin, the junta is attempting to bolster its support with populist measures. The TRT government introduced cheap medical care costing a nominal 30 baht. The new cabinet has gone one step further, announcing the abolition of this small payment. In a visit to the TRT's base in the rural northeast, premier Surayud Chulanont told local leaders: "I insist nothing will change under the new government. Social projects will only improve with more transparency."

The cabinet has also shelved the centrepiece of Thaksin's restructuring plans—the privatisation of the Electricity Generating Authority of Thailand (EGAT). Energy Minister Piyasuasti Amranand, who headed the EGAT privatisation under Thaksin, announced the proposal would not go ahead. The new government, he said, would concentrate on promoting social harmony.

The government is already under pressure from international markets. The latest edition of *Newsweek* noted concerns in business circles that "mixed messages" from the government had "heightened concerns of renewed protectionism". Finance Minister Pridiyathorn has gone out of his way to assure foreign investors that

Thaksin's plans for major transport projects in Bangkok will go ahead.

Ramkhamhaeng University academic Wuthisak Larpcharoensap told the *Bangkok Post* the cabinet "gives a clear picture of the bureaucracy restored to power" and was reminiscent of the civilian cabinet presided over by General Prem Tinsulanonda in the 1980s.

No doubt, some in the new junta would like to return to the Prem era—autocratic rule dressed up with civilian administrators and democratic trappings. However, Prem's ability to maintain himself in power depended on a huge influx of foreign investment and high growth rates that made Thailand one of the "Asian Tigers". Unlike the 1980s, when annual GDP growth peaked at 13.2 percent in 1988, the growth rate is expected to be just 4.2 percent this year, the slowest in five years.

Faced with social and political tensions for which they have no answers, the military rulers are seeking to consolidate their position by dismantling the TRT. On October 6, the Council for National Security announced a new Constitutional Court with nine hand-picked judges headed by Supreme Court President Panya Thanomrod.

CNS member General Winai Phattiyahul made clear on September 29 what was expected of the judges when he told the media the junta's main concern was a return of Thaksin. He said the court's decision to uphold corruption investigations into the TRT "may be one of the measures to prevent the return of the huge popular vote for Thai Rak Thai".

On September 30, the CNS ruled that any member of a political party dissolved by the Constitutional Court would be banned from political activity for five years, as would members of the former Thaksin cabinet who did not make a full disclosure of financial assets. On October 2, former labour minister Somsak Thepsuthin led 115 members of his TRT faction, including five other cabinet ministers, out of the party. The following day, Thaksin resigned, foreshadowing the collapse of the TRT, which was largely built around his persona and personal fortune.



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