

Thai military attempts to contain opposition to coup regime

John Roberts

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Thailand's interim prime minister Surayud Chulanont, who was installed following the September 19 military coup, detailed his government's program in a speech to the National Legislative Assembly (NLA) on November 3. It was the first major policy statement since the overthrow of Prime Minister Thaksin Shinawatra and his Thai Rak Thai (TRT) government.

The generals, led by armed forces commander General Sonthi Boonyaratkalin, have tried to portray Surayud's government as a step toward a return of democratic rule. The policy speech, however, indicated that the military cabal is deeply concerned about potential discontent, and unwilling to relinquish martial law.

Surayud appealed for an end to social and political conflict and for a media that "truly serves the people". He identified five top priorities: the restoration of national unity, the strengthening of anti-corruption measures, the promotion of basic rights and justice, the adoption of a "sufficiency economy" and the drafting of a new constitution.

Surayud's economic policies most clearly revealed the junta's nervousness. He made a definite pitch for the small farmers and businessmen who provided much of Thaksin's social base. Like Thaksin, Surayud tried to have something for everyone: the "grassroots", the "market economy" and the "macro economy".

At the "grassroots" level, the government promises aid packages to assist small-scale farms. At the "market" level, it claims it will promote fair competition and small and medium-sized businesses, including those in tourism. And at the "macro" level, there are promises of infrastructure projects to enhance economic efficiency.

The new regime has suspended Thaksin's program of privatisation and deregulation, which had provoked

bitter opposition from workers and layers of less globally-competitive business. One of its first pronouncements was to halt plans to sell off the Electricity Generating Authority of Thailand (EGAT).

By calling for a "sufficiency economy," Surayud again demonstrated his adherence to King Bhumibol Adulyadej, who backed the coup. The Thai monarch has long promoted ideas of national economic self-sufficiency, putting him at odds with the demands of globalised production. The junta is engaged in a desperate balancing act, seeking to appeal to small farmers and businessmen, while not alienating foreign investors and the corporate elite.

Thaksin faced the same dilemma. He won office in the 2001 and 2005 elections by exploiting the opposition in rural areas toward the IMF's austerity measures imposed by the Democratic Party led administration following the Asian economic crisis of 1997-1998. His government provided cheap health care, financial handouts to villages and low interest bank loans. At the same time, Thaksin came under strong international pressure to continue the program of market reforms, alienating sections of the ruling elite that previously backed him.

Immediately after the coup, Surayud toured the rural north to explain there would be no withdrawal of financial support for the villages. He even abolished the previous nominal fee for medical services. In a further attempt to placate Thaksin's supporters, the military dropped its threat to investigate the deposed prime minister over alleged corruption in the \$US1.9 billion sale of his family-owned Shin Corp telecommunications conglomerate in January.

The junta, however, remains worried. In an October 27 interview in the *Nation*, coup leader General Sonthi said the military was watching Thaksin's supporters in

the rural areas. “We know who they are and what they are up to,” he stated. On November 12, Surayud declared that Thaksin should not return until after elections mooted for next year. “If he comes and sparks confrontation among the people in the country, would that be appropriate?” he exclaimed.

The rural areas are not the only source of concern. Since the coup, the regime has attempted to end the civil-war-like conditions in the south. Thaksin deliberately inflamed communal sentiment by ordering the army to crush Muslim separatists in the southern provinces, creating tensions with Malaysia. The military has formally apologised for its heavy-handed tactics under Thaksin and begun offering political concessions. It has dropped all charges against dozens of young Muslims arrested during protests that ended with the horrific Tak Bai massacre of more than 80 men in 2004.

The junta confronts its greatest problems in Bangkok. The demonstrations in January against Thaksin following the sale of Shin Corp mobilised large sections of the urban population. The movement was initiated by disgruntled business leaders who felt betrayed after Thaksin began to adopt more of the IMF agenda and opened free trade talks with Washington. The vast majority of protesters were motivated by other reasons: workers whose jobs were threatened by privatisation, the unemployed and many who opposed Thaksin’s anti-democratic methods. Their opposition to Thaksin does not mean support for military rule. Already, small protests have called for an end to martial law and the return of democratic rights.

The coup has temporarily suppressed the bitter divisions in ruling circles that produced a deep constitutional and political crisis this year. But it has done nothing to end the underlying social tensions. International pressure is mounting on the junta to resume unpopular IMF policies. Thailand confronts an intensely-competitive climate in Asia for foreign investment in the aftermath of the 1997-1998 financial meltdown.

Financial commentators were initially indifferent to the coup, partly because of Thailand’s relatively strong economic position. Despite slowing GDP growth, estimated at 4.2 percent for 2006, there was a balance of trade surplus of \$US1.6 billion for the first eight months of 2006 and foreign reserves reached \$60.9

billion. The coup was accepted by many analysts as being about “politics” not “economics”.

But this attitude is changing. The *New York Times* noted on November 3 that, six weeks after the coup, “the generals are fumbling a bit with their new image as managers”. The UN Economic and Social Commission for Asia Pacific was even more explicit. It warned in late October that without foreign investment, Thailand’s GDP growth could fall to 3 percent, inflation could reach 10 percent and the currency could fall against the US dollar by 20 percent.

Any return to austerity measures, however, will reignite unrest. Surayud told Thai television on November 3 that martial law would not be lifted until the generals had “no concerns about undercurrents”. As the *International Herald Tribune* noted, “undercurrents” is the “the new catch phrase of the coup”. It is “a suitably cryptic word for discontent and machinations that could build into open revolt”.



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