

# Behind the New Year's Eve bombings in Thailand

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On New Year's Eve, a series of eight bombs exploded in the Thai capital of Bangkok, killing three people and injuring another 37. All the bombs were relatively small. Six were timed to go off simultaneously in the early evening. The remaining bombs were triggered toward midnight, by which stage Thai authorities had cancelled New Year's celebrations. No one has claimed responsibility for the blasts.

The military junta, which seized power in September, immediately blamed supporters of deposed Prime Minister Thaksin Shinawatra and his Thai Rak Thai (TRT) party. At a joint press conference on January 1, coup leader and armed forces head General Sonthi Boonyaratkalin and Prime Minister Surayud Chulanont, a former general, pointed the finger at Thaksin and dismissed the possibility that Muslim separatists carried out the bombings. One of Sonthi's justifications for the coup was to end the escalating conflict caused by Thaksin's heavy-handed repression of the Muslim population in southern Thailand.

Surayud told the media there was only a "slim chance" that the bombings were carried out by Muslim separatists. Instead, he declared, "it is likely related to people who lost their political benefits," who aimed "to create a scenario of political and social instability". His comments develop on a theme in the junta's recent propaganda that "undercurrents"—meaning Thaksin and his supporters—are stirring up opposition to military rule.

The press conference was held less than 24 hours after the bombings. Neither Sonthi nor Surayud offered any evidence to support their allegations. Some of Thaksin's close aides have been called in for questioning by police, but no one has been charged. As for the claim that Thaksin ordered the bombings to create instability, the obvious riposte is: why would Thaksin bother? Less than four months after seizing power, the junta's grip appears increasingly shaky. It is already under fire in the media over its ineptitude and allegations of corruption and has alienated key backers, including former Prime Minister Chavalit Yongchaiyudh.

In fact, the obvious political beneficiaries are the coup leaders themselves. In the wake of the bombings, the military has strengthened its forces in Bangkok. Soldiers armed with automatic rifles immediately appeared at entertainment venues,

subway and light rail stations and busy roundabouts. A military presence has since been established at government buildings and other key installations.

The bombings have also been used to justify the regime's approval last week for a 14,000-member Special Operation Force of soldiers and police to maintain civic order. Sonthi told the media that the military had been preparing for two years for this new type of urban threat. As part of the plans, the owners and staff of petrol stations, supermarkets and factories will be trained by the military as security guards.

On Tuesday, Thaksin, who is in exile in China, issued a denial of any involvement in the bombings. His faxed message strongly condemned the action and indignantly declared that he would never think of "destroying the country's credibility for my own political gain". Thaksin blamed Muslim insurgents and claimed the bombings vindicated his repressive methods in the south.

On Wednesday, Chavalit, who is now siding with Thaksin, dismissed allegations that he was involved in the bombings and pointed to the military itself. Alluding to international commentary raising the possibility that the junta planted the bombs, Chavalit told the military to look to its own ranks if it truly wanted to solve the case. The reports, he said, had accused the military's Council for National Security (CNS) of organising the bombings to divert attention from their "failure to effectively govern the country".

Amid mounting speculation, army commander Sonthi appeared on Thai television to deny responsibility. "I have risked myself to do what the people wished," he declared. "Why should I do that? I love my people and my country." Sonthi was also compelled to squash growing rumours of another coup by dissident sections of the armed forces.

Several commentators have noted that the junta is increasingly divided, with hard-line elements sharply critical of Prime Minister Surayud. An article on the *Asia Times* website entitled "Thai bombs expose dangerous new divide" noted: "Behind the scenes, Surayud has come under growing fire from certain coup makers for not moving fast enough in prosecuting Thaksin on corruption charges, one of the military junta's four stated motivations for launching the coup, seizing power and suspending the progressive 1997 constitution..."

“So far Surayud has allowed investigations into Thaksin’s and his political associates’ alleged wrongdoings to take a slow but arguably sound legal course, apparently towards the broader reform aim of restoring judicial integrity and independence after years of political meddling under Thaksin. Yet the slow pace and so far inconclusive results of the various corruption investigations has been widely criticised in the Thai media, with some commentators starting to dare [to question] whether the coup that popularly ousted Thaksin was ever justified.”

The article concluded that it may never be proven who exactly was responsible for the bombings. “What is clear from the outset is that elements inside the Thai military itself had as much—if not more—political motivation than other potential actors for launching the crude and deadly attacks. And in the chaotic aftermath, the prospects for the CNS honouring its pledge to return the country to a democratic course later this year have growing considerably dimmer.”

The emergence of infighting within the junta is no surprise. General Sonthi and the military, with the backing of the Thai monarchy, were able to capitalise on popular opposition to Thaksin, particularly in Bangkok, to topple his government without any significant backlash. But the new military regime has been incapable of elaborating a clear program to satisfy the ruling elites, let alone defuse the widespread discontent among working people over deteriorating living standards and the lack of basic democratic rights.

The junta has also failed to reach a deal with Muslim leaders to end the armed insurgency in the south of the country. Then, as the *Economist* magazine pointed out, “there have been embarrassing climbdowns. The government went back on its proposal to legalise a lottery originally set up by Mr Thaksin, and plans to ban alcohol advertising to curb under-age drinking. The generals’ promised reform of the corrupt and inefficient police is being fiercely resisted by the force’s chiefs—indeed, one theory has it that disgruntled policemen planted the New Year bombs.”

Voicing the concerns of international capital, the *Economist* continued: “However, what has most damaged the government’s reputation is its botched attempt to restrain the surging baht. Though it may have had reason to act, the currency controls announced on December 18 were ill-judged, triggering a stockmarket slump which forced it partly to reverse the measures.”

Indeed, the government’s decision provoked an immediate crisis, with the stockmarket slumping 14 percent—its largest one-day fall since the 1997-98 Asian financial turmoil—as investors raced to pull their money out of Thailand. The new controls required investors to lodge with the central bank 30 percent of their money, which could only be pulled out after one year. If the capital was withdrawn before that time, one third of the deposit would be withheld—an effective 10 percent tax on the original investment.

On December 19, \$US22 billion was wiped off the value of

the Thai stock market and shares slumped throughout the Asian region as capital managers feared other countries would follow the example of the Thai regime. The government was forced into a humiliating back down, exempting equity (stockmarket) investments from the measures.

The international financial press was scathing. Even the normally moderate *Financial Times* denounced the controls as “draconian” and cited analysts declaring that the Thai authorities were “intent on committing financial *hara-kiri*”. Its 23 December issue commented sarcastically: “What they don’t teach you at West Point-style military academies, part one: how to defend yourself from unwanted currency flows without leaving your capital markets vulnerable.”

The episode points to the underlying dilemma confronting the Thai junta. It seized power in September with the backing of sections of the ruling elite, who were not hostile to Thaksin’s “corruption” but to his increasing adaptation to the demands of international investors. Thaksin had come to power in 2001 on the back of hostility to the impact of the IMF’s economic restructuring measures imposed by the previous Democratic Party government in the wake of the Asian economic crisis. But under the pressure to attract foreign investment, Thaksin embarked on a program of privatisation and deregulation that alienated his previous backers and broader sections of the population.

Having taken power, however, the military regime faces similar political and economic problems. Its first effort to protect weaker Thai businesses by imposing currency controls has ended in an unmitigated disaster. In its wake, allegations of corruption and calls for resignations began to surface. On December 29, the chairmen of the Confederation for Democracy and the Foundation for Heroes were widely quoted in the media as calling for Surayud to stand down because of his alleged illegal occupation of land in a protected forest. Press reports have also carried allegations that Sonthi, a Muslim, had violated the criminal code by registering two marriages.

In these circumstances, the most likely suspects in the New Year’s Eve bombings are the generals themselves—either a dissident faction prepared to oust the present junta, or the junta itself in a rather botched attempt to shore up its position. Whoever was precisely responsible, the bombings and their aftermath have further exposed the weaknesses of a regime that has no solutions to the country’s mounting social, economic and political problems.



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