

Constitutional amendments stoke tensions in Thai ruling circles

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None of the political tensions in Thai ruling circles that led to the 2006 military coup have dissipated following last December's national election. The installation of a coalition government led by the Peoples Power Party (PPP), which is loyal to ousted Prime Minister Thaksin Shinawatra, has created an uneasy standoff with the military and its backers, who removed Thaksin. The PPP's plans to alter the constitution are now threatening to trigger renewed political conflict.

The delicate balance of forces in the Thai parliament may well be altered by a decision of the Election Commission last Friday. It ruled that Chart Thai and Matchimathipataya—two of the PPP's coalition partners—should be dissolved after party executives were found to have been involved in vote buying. If the ruling is upheld by the Constitutional Court, the PPP and its allies could lose their ability to readily amend the constitution.

At the election, the PPP won 233 seats in the 480-seat lower house as against 165 for the Democratic Party opposition. PPP leader Samak Sundaravej formed government and became the prime minister on the basis of alliances with five smaller parties and independents. The senate, however, is dominated by appointees, many of whom are loyal to the outgoing junta.

To alter the constitution, however, requires a majority in both houses of parliament. Currently the government is believed to hold the necessary 316 votes to push through its constitutional amendments. The dissolution of Chart Thai and Matchimathipataya, however, would throw these calculations up in the air. Moreover, a similar case is pending against the PPP.

The constitution was drawn up by the junta and approved by a plebiscite last August. Most commentators put the yes vote down to a desire to end military rule, rather than support for the constitutional proposals. Voter turnout was just 57.6 percent and only 42 per cent of the

electorate approved the measures. In northern rural areas where support for Thaksin remains strong, a majority voted against.

The constitution's electoral provisions were designed to prevent the PPP from coming to power. The party was formed by Thaksin supporters after his Thai Rak Thai (TRT) party was outlawed and 111 of its senior figures, including Thaksin, banned from politics for five years. The constitution gave sweeping powers to state bodies, including the electoral commission and courts, to control political parties and effectively limit the power of the government and parliament.

Having won last December's election, the PPP-led government is seeking to amend the constitution to remove the power of the electoral commission and courts to dissolve a party elected to parliament. Samak has also hinted at removing a clause that protects the 2006 coup leaders from prosecution—a move that would certainly provoke a sharp reaction from the military top brass.

In comments to the media on March 28, Samak claimed to have received a handwritten note warning of a new coup attempt. While dismissing the threat, he went on to note a recently published book about the 2006 coup that pointed to the collaboration at the time between current army commander General Anupong Paochinda, and the then army chief and coup leader Sonthi Boonyaratglin. The connection between the two generals, he said, made people feel uneasy.

The following day Anupong gave a public guarantee that that neither he nor any of his officers were plotting a coup. Nevertheless the threat remains, as tensions between the government and its opponents continue. On April 8 the Peoples Alliance for Democracy (PAD), the coalition of groups that organised large anti-Thaksin demonstrations in Bangkok in 2006, described the plan to amend the constitution as a "silent coup" and threatened to hold street protests against the changes.

An editorial of the *Nation* on April 3 nervously: “To propose a charter change only a few months after the election is not timely. The government should instead focus on boosting public confidence in the economy, assuring foreign investors of Thai political stability and creating harmony in a society which is marred by deep divisions.”

The bitter divisions in Thai ruling circles stem from fundamental differences over economic policy. The right-wing populist Thaksin initially won power in 2001 by capitalising on widespread hostility to the IMF-sponsored economic “reforms” imposed by the previous Democratic Party government following the Asian economic crisis of 1997-1998. His government moved to protect Thai businesses and gave some limited handouts to ameliorate conditions in rural areas.

Confronted with international economic pressures and regional rivalry for investment, Thaksin began to implement economic restructuring measures, including privatisations, deregulation and free trade treaty talks with the US. The shift alienated business and conservative political interests that had supported him previously but then began to campaign for his removal.

Large protests were triggered by the sale of the Thaksin family’s Shin Corp telecommunications conglomerate to the Singapore government’s investment arm for \$US1.9 billion in February 2006. Allegations of corruption fed into anger over Thaksin’s autocratic methods, his renewed war against Muslim separatists in the country’s south and the impact of his market reforms on working people.

Months of political turmoil followed, including a full-blown constitutional crisis produced by the boycott of snap elections by opposition parties. As the situation threatened to get out of hand, the military, with the tacit support of King Bhumibol Adulyadej and conservative sections of the Thai ruling elite, stepped in and seized power in September 2006.

The military-installed government of Prime Minister Surayud Chulanont, however, proved incapable of resolving the underlying economic problems. Its attempts to impose capital controls provoked sharp falls on the share market. The growth rate continued to slump and foreign investment declined. The junta’s decision to hold last year’s election and permit the PPP to take the reins of government was a sign of its flagging political support and growing opposition in business circles.

The fact that Thaksin was able to return to Thailand again underscores the political weakness of his opponents.

While Thaksin did not appear before in the Supreme Court on March 12 over corruption charges, he was granted bail and even given permission to leave the country. Thaksin insists that he will keep out of politics, but he is currently touring the country urging the government to use the current high value of the Baht to attract foreign investment and bolster the export production sector.

On April 9, Thaksin hosted an economic forum in Bangkok in which he called for higher government spending and more private investment to counter a global economic downturn. He shared the platform with Indian billionaire Lakshmi Mittal, chief executive of the ArcelorMittal steel giant, who said Thailand was a top priority for investment. Few commentators believe Thaksin is not planning to reenter the political arena.

The government is also pitching to international capital by promising to open up the Thai economy. One of the proposed constitutional changes is to abolish the requirement for full parliamentary approval of any trade deal with a foreign government. The move has strong support among more internationally-competitive sections of business but is anathema to those who supported the junta’s attempts to tighten regulation of the country’s economy.

These divisions in ruling circles will only sharpen amid growing international economic uncertainty. The government has optimistically projected a growth rate of 6 percent for 2008—up from 5.1 percent in 2006 and 4.8 percent in 2007. In February, however, the export growth to the US, Thailand’s largest market, was only 16.2 percent, compared to 33.6 percent in January, a clear indication that the developing recession in the US is starting to bite. The cost of imports rose sharply, inflated by high oil prices, producing a current account deficit of \$620 million in February—the first since April last year.



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