

Thai government clings to office amid continuing political turmoil

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The Thai government was shaken last week by a series of legal rulings that led to the resignation of two senior ministers and could result in the banning of the Peoples Power Party (PPP)—the main partner in the ruling coalition of Prime Minister Samak Sundaravej.

The legal cases are just one more indication of the continuing bitter divisions in ruling circles that led to the ousting of Prime Minister Thaksin Shinawatra in a military coup in September 2006. The PPP, which is closely aligned to Thaksin, won the election last December, despite the dissolution of Thaksin's Thai Rak Thai (TRT) party, a five-year ban on 111 senior TRT figures and the imposition of a constitution drawn up by the military.

Since taking office in February, the government has faced veiled threats of a military coup and, from mid-May, street protests organised by the Peoples Alliance for Democracy (PAD) led by media tycoon Sondhi Limthongkul. Late last month Samak survived a no-confidence vote by 280 to 161 votes after a week-long debate in which the opposition Democratic Party (DP) denounced the PPP as a surrogate for Thaksin.

The legal challenges, which rely on anti-democratic provisions in the constitution, were another step in the ongoing campaign to topple the government.

On July 8, the Supreme Court ruled that parliamentary speaker and deputy PPP leader, Yongyuth Tiyapairat, was guilty of electoral fraud and banned him from politics for five years. Under laws imposed by the military, the PPP itself could be abolished if the court subsequently finds that Yongyuth acted on its behalf. Yongyuth is a close Thaksin ally.

On the same day, the Constitutional Court ruled eight votes to one that the government had violated Article 190 of the constitution by failing to consult with parliament on a joint communiqué with Cambodia over the disputed Preah Vihear temple. The communiqué provoked a storm

of protests from right-wing nationalists who claimed it effectively endorsed a 1962 International Court ruling that recognised Cambodian sovereignty over the temple, which is on the border between the two countries.

The PAD joined the frenzied campaign to demand the resignation of Foreign Minister Noppadon Pattama, who stepped down on July 10. The Constitutional Court decision sets a precedent for far-reaching intrusions into what have previously been regarded as executive decisions of government. The previous day, the Constitutional Court forced Health Minister Chaiya Sasomsap to resign for not declaring his wife's assets before taking office.

Court proceedings also began last week in the trial of Thaksin and his wife, who are accused of corruption in buying prime real estate from the central bank at a bargain price. If convicted, both face long jail terms. A string of other cases and investigations, including corruption allegations against Samak himself, are in train.

Virtually all the cases are against either government or former TRT figures, pointing to the increasingly political role of the judiciary. The charges are not aimed at rooting out corruption, which is endemic to the Thai establishment, but stem from sharp rifts in the country's ruling elite.

No one in this conflict represents the interests of ordinary working people. The real differences between the government and its opponents centre on economic policy. Those who backed the ousting of Thaksin in 2006, including the king and the military hierarchy, were opposed to Thaksin's shift to free market policies to bolster flagging foreign investment. PAD backer Sondhi Limthongkul had been originally a close supporter of Thaksin when Thaksin won office in 2001, initially promising to bail out Thai businesses.

The country's poor economic performance has sharpened political tensions, which in turn are affecting

the economy. The *Wall Street Journal* on July 9 highlighted the comments of HSBC Global Research that Thailand's "serial political instability" was responsible for the slump in the stock market. The newspaper reported that the share index had dropped 18 percent since the PAD demonstrations began in May. Despite interventions by the Thai central bank, the baht remained Asia's worst performing currency—falling in value this year from 31 to 34 against the weakening US dollar.

Inflation hit a 10-year high of 9.6 percent in June. Soaring fuel prices have resulted in a 20 percent increase in transport costs in the past six months. Imported oil is equivalent to 12.5 percent of GDP—among the highest ratios in Asia. Petrol is not subsidised, which has led many users to switch to heavily subsidised liquefied petroleum gas (LPG) and compressed natural gas (CNG). As a result, Thailand switched in April from being a net exporter to net importer of LPG. Sections of business are demanding an end to these gas subsidies but the government has refused to make what would be a deeply unpopular decision.

At present, the government is intent on toughing out the political crisis. The coalition still has a substantial parliamentary majority, as was demonstrated by its defeat of the no-confidence motion. A poll conducted in June by Angus Reid Global Monitor found that 52 percent of those interviewed backed Samak as prime minister. Samak and the PPP have traded heavily on Thaksin's support, particularly in rural areas where he initiated a series of limited economic assistance schemes.

The PAD is continuing to hold protests demanding the government's resignation, but numbers have dropped away following a rally of some 20,000 on June 20 that surrounded Government House in Bangkok. PAD leaders had insisted that the protesters would stay until the Samak government was forced from office. On July 2 the Civil Court upheld a ruling that the PAD remove its barricades during daytime and the police have told them to move out altogether.

The signs point to a behind-the-scenes accommodation between the government and its opponents. Last month Samak backed away from plans to amend the constitution, and the military and its allies have kept their distance from the PAD protesters. The army is particularly concerned that the amendments will undermine its emergency powers and also strip the coup leaders of their legal immunity for acts committed during the period of the junta.

Significantly, King Bhumibol Adulyadej, who

supported the 2006 coup, has not encouraged the anti-government demonstrations. At their height last month, the king held a nationally televised audience with Samak in which he in effect gave his support to the embattled premier. "I expect that you will do what you have promised and when you can do that you will be satisfied ... the country will survive," he said.

The *Nation* reported on July 4 that Samak had met with military chiefs, including army commander General Anupong Paochinda, at Bangkok's Army Sports Club and made a deal that if Anupong were given a free hand in a reshuffle of military personnel due in September there would be no coup. "With the closure of this political deal, the PAD was sacrificed," the newspaper commented.

The military's hesitation to press for the removal of Samak stems from the lack of any clear alternative. The junta that took power in 2006 quickly ran into economic difficulties after the share market reacted negatively to its attempts to put capital controls in place. Far from resolving the present political instability, a second coup would only heighten it. As for the Democratic Party, its reputation as a defender of parliamentary democracy has been badly tarnished by its support for the coup. Its base of support has increasingly been confined to layers of the urban middle class, particularly in Bangkok.

In a bid to strengthen his position, Samak has announced a cabinet reshuffle and plans for an economic stimulus package that would resurrect some of the major infrastructure projects promoted by Thaksin and abandoned by the military junta. On Sunday, the prime minister said he intended to proceed with constitutional amendments. After more than two years of political turmoil, none of the issues that led to the 2006 coup have been resolved.



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