

# Thailand's political crisis intensifies amid economic slowdown

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The political turmoil surrounding the Thai government is continuing unabated. Anti-government protesters belonging to Peoples Alliance for Democracy (PAD) remain entrenched at Government House in central Bangkok. PAD leaders, backed by the country's military chiefs and the monarchy, are demanding the resignation of the government.

Thai Prime Minister Somchai Wongasawat has refused to step down. Last Saturday the pro-government United Front of Democracy against Dictatorship (UDD) held a large rally at Bangkok's Rajamangala National Stadium to support the ruling People Power Party-led (PPP) coalition. The media estimated the attendance at 90,000, many of whom had been bussed in from the PPP's strongholds in the rural north and north east of the country.

Former prime minister Thaksin Shinawatra, the founder of the PPP's forerunner Thai Rak Thai (TRT), spoke to the rally from exile in Britain via a video link. He was ousted in a military coup in 2006 and on October 21 sentenced to a two-year jail term on a corruption charge. The rally has provided further fuel for PAD, which regularly denounces the PPP as a front for Thaksin.

Despite their appeals to "democracy", the government and its PAD opponents represent two rightwing and anti-democratic factions of the Thai ruling elite. The protracted political brawling has intensified following a PAD protest outside the parliament on October 7 aimed at preventing Somchai's installation. Somchai replaced Samak Sundarevej who was forced to step down by the country's constitutional court in September over small payments for appearances on a TV cooking show.

Two people died and 400 were injured in clashes with police during the October 7 protest. PAD leaders, who were by no means entirely innocent in the violent clashes, seized on the deaths to renew their calls for Somchai to step down. Following the incident, the monarchy and the military hierarchy openly lined up behind the PAD leadership.

In an unprecedented step, Queen Sirikit publicly expressed her sympathy for the PAD demonstrators and offered to pay

the medical expenses of the injured. On October 13, she attended the funeral of a PAD protestor killed in the clash with police. The royal family, which has close connections to the military and state bureaucracy, has never explicitly supported the many victims of state violence in the past.

The direct support of the monarchy for PAD is a sign of an acute political crisis of the Thai state, which in the past has repeatedly relied on King Bhumibol Adulyadej's supposed neutrality to defuse tensions. The monarchy, which presides over its own huge economic empire through the Crown Property Bureau, is protected politically by anti-democratic *lese majeste* laws. However, the illusion that the king as the linchpin of the state apparatus is "above politics" is increasingly being compromised.

Just days after the clashes, the partisan character of the courts was again revealed when the Administrative Court dropped treason and insurrection charges brought by the government against PAD leaders for the takeover of the Government House compound and a state-run TV station in August. The Constitution Court is also expected to rule soon on a recommendation by the Election Commission to dissolve the PPP and two coalition parties for electoral fraud.

On October 16, army commander Anupong Paochinda appeared on television alongside other top police and armed forces commanders and called on Somchai to resign or to dissolve the parliament over the violent clashes. Anupong hypocritically declared that no government could survive the blood spilling of October 7 and that society could not accept it. Air force chief Ittiporn Supawaong added that all the armed forces were united and stood behind the people.

The same Thai military and police have not hesitated in the past to ruthlessly suppress political opposition in the past, including in the political crises of 1976 and 1992. The police commanders carried out Thaksin's "war on drugs" in 2003 that involved the extra-judicial killing of thousands of alleged drug dealers. The military is continuing the brutal suppression of Muslim separatists in the south of the country, which has included the massacre of dozens of

unarmed men at Tak Bai in October 2004.

The *Bangkok Post* on October 20 warned that the TV intervention by the military chiefs would only intensify the crisis. “The united front may have been confident of a ‘digital coup’ without troops on the street. Instead, the generals merely upped the stakes and tension... the military once again failed to consider all the ways their plan could fail.” After ousting Thaksin in 2006, the military junta was forced to call fresh elections last December after their rule proved to be an economic disaster.

PAD has openly supported the military’s intervention. Chamlong Srimuang, an ex-general and former Bangkok governor, told a press conference that as part of its plan to limit the role of elected officials that “PAD agrees to a coup that will bring new politics.” PAD’s anti-democratic “new politics” includes the demand that 70 percent of parliament should be appointed by the state bureaucracy and the courts to effectively disenfranchise the PPP’s rural support base.

## Economic interests

The bitter feud within the political establishment stems from the 1997-1998 Asian financial crisis, which had a devastating impact on the Thai economy. The billionaire Thaksin and his TRT exploited the intense hostility to the Democrat Party’s implementation of IMF austerity measures by promising to protect Thai businesses and by offering populist handouts, particularly to the rural poor.

However, Thaksin’s policies alienated many of those who had initially supported his election. Under pressure from international capital, he broke his promises to assist layers of small and medium businesses and initiated his own program of privatisation and restructuring, including bilateral free trade deals. The government’s economic policies often benefitted the businesses of Thaksin and his close supporters alienating his rivals and associated sections of the state bureaucracy and the military.

Tensions in the ruling elite sharpened as economic growth began to slow. Media tycoon Sondhi Limthongkul, initially a fervent Thaksin supporter, initiated the PAD protests in late 2005 that mushroomed in 2006 after Thaksin amended the foreign ownership laws to allow the sale of his Shin Corp to the Singapore government’s investment arm for \$1.9 billion. Continuing protests and a constitutional crisis provoked by the Democrat Party’s boycott of elections provided the pretext for the 2006 military coup.

The junta, which had the tacit backing of the monarchy, attempted to impose capital controls to protect the Thai

business but provoked dramatic stock market plunges and was compelled to pull back. The regime rewrote the constitution to provide amnesty to the coup leaders and favour small parties, pushed through security laws to provide the military with an ongoing political role and banned the TRT. Despite the ban, the TRT in the form of the PPP easily won the largest number of seats in elections last December and formed government.

The protracted turmoil has compounded the country’s economic difficulties which in turn have exacerbated political tensions. The intensifying global financial crisis and economic slowdown over the past month is already hitting the Thai economy, which is heavily dependent on exports. Assistant central bank governor Duangmanee Vongpradhip told the media last month that growth could slow to as little as 4.3 percent this year, down from 4.8 percent last year.

Banyong Pongpanich, chairman of Phatra Securities, predicted yesterday that the growth rate would fall to 3.3 percent next year, noting declining overseas orders for chemical, steel and electronic products. He warned of social division as 500,000 currently-hired employees were laid off and 500,000 new graduates failed to get jobs. The country’s auto production is predicted to slow by 18 percent next year as exports decline.

The government has just announced a \$2.9 billion stimulus package in a bid to halt the slowdown, but the decision will do little to ease the country’s acute political and economic crisis.



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