

# New Thai prime minister takes office amid continuing protests

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Blocked by protestors from entering parliament, newly-installed Thai Prime Minister Abhisit Vejjajiva delivered his first policy speech yesterday at the foreign ministry building three kilometres away and a day later than intended. Despite his appeals for unity, the fragile character of his ruling coalition, as well as the continuing anti-government protests, demonstrate that the country's protracted political crisis is far from over.

Thousands of United Front of Democracy against Dictatorship (UDD) demonstrators blockaded the parliament building from Sunday to protest the ousting of the previous ruling coalition led by the People's Power Party (PPP) and to demand fresh elections. The protestors resisted attempts by riot police yesterday to push open the gates to the parliament building. Opposition politicians boycotted Abhisit's speech.

The previous government collapsed after the Constitutional Court dissolved the PPP and two of its allies on December 2 for electoral fraud. It also banned Prime Minister Somchai Wongsawat and 108 senior party officials from politics for five years. The decision followed another politically motivated ruling in September, when the same court deposed PPP Prime Minister Samak Samaravej for "corruption" on the grounds that he had accepted a small stipend for appearing on a television cooking show.

The Constitutional Court rulings reflected the hostility of key sections of the country's ruling elite, including the monarchy, the military and state bureaucracy, to the PPP. After the latest decision, intense pressure was applied by the military behind the scenes to ensure that the PPP, reformed as the Puea Thai party, did not form a new government. With a mixture of threats and bribery,

Abhisit's Democrat Party finally obtained the support of enough PPP defectors to win the parliamentary vote on December 15.

The installation of Abhisit followed four months of protests by the Peoples Alliance for Democracy (PAD) that had the tacit support of the military and the monarchy. PAD leaders denounced the PPP as a proxy for former Prime Minister Thaksin Shinawatra who was ousted in a military coup in September 2006. PAD protestors occupied the Government House compound in August, and from November 25 to December 3 occupied Bangkok's two main airports stranding hundreds of thousands of travellers.

The drawn out political infighting between pro- and anti-Thaksin factions reflect deep divisions within the ruling elite centring on economic policy. Thaksin came to power in 2001 on a wave of opposition to the IMF measures implemented by the Democrats after the 1997-98 Asian financial crisis. Sections of the traditional Thai elite backed Thaksin only to turn on him when he failed to protect weaker sections of business and continued pro-market restructuring.

At the same time, Thaksin's Thai Rak Thai (TRT) party maintained its electoral support, particularly in rural areas in the north and north east, as a result of its financial handouts and provision of cheap health care. The military seized power in 2006 after a protracted constitutional crisis. But the PPP, formed after the TRT was dissolved, easily defeated the Democrats in elections last December after the army stood aside.

In his policy speech yesterday, Abhisit acknowledged the "huge rift in the nation" and declared that his government's aim was to unite the country and "weather

the economic hardship". Last week, the finance ministry revised its forecast for 2009 to 0-2 percent growth, down from an earlier prediction of 4 percent. The ministry stated that the economy was likely to contract by 2 percent in the last quarter of this year—the first contraction since March 1999.

The economy is heavily dependent on exports, which fell 18 percent in November on an annualised basis, the largest fall since 1992. Demand for automobiles, electronic and other goods are all declining as the US, Europe and Japan go into recession. The political turmoil, especially the airport occupations, has hit the tourist industry hard. Bangkok Standard Chartered Bank economist Usara Wilaipich told *Bloomberg* that tourist arrivals could drop by up to a half in 2009.

Abhisit warned the assembled parliamentarians that unemployment would probably double in 2009 to one million. He previously said that he would spend 300 billion baht (\$US8.6 billion) to try to stimulate the economy. Such measures are, however, unlikely to have any significant effect. As a result, the government could rapidly face widespread opposition as the number of jobless grows. Moreover, the economic crisis will only heighten tensions in the ruling elite and further undermine Abhisit's shaky coalition.

Abhisit not only depends on the parliamentary backing of former PPP partners and a former PPP faction headed by Newin Chidchob, but also the continued support behind the scenes of the military, state bureaucracy and the monarchy. Previously the Democrats built a base of support among the urban middle classes by promoting pro-market measures and opposing military rule, particularly in the early 1990s. Both of these policies put them at odds with their new allies among the traditional elites.

All of these contradictions are evident in Abhisit's cabinet. One of his first appointments was Defence Minister Prawit Wongsuwan, an ex-general who was army chief from 2004 to 2005. Opposition figures claim that the appointment was at the behest of current military head General Anupong Paochinda, who was closely involved in the backroom manoeuvres to form the current government.

The new foreign minister is Kasit Piromya, a prominent PAD figure and former ambassador. He was one of the

PAD leaders who denounced the PPP-led government earlier this year for issuing 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 finance minister is Korn Chatikavanjii, one of Abhisit's economics classmates from Oxford University. As a former investment banker and head of JP Morgan Chase in Bangkok from 1999-2004, he reflects the Democrats' pro-market orientation.

Democrat general secretary Suthep Thaugsuban has been placed in charge of security as well as becoming a deputy prime minister. The post has the potential for producing friction with the military as the Democrats have been critical of the army's repressive methods in cracking down on Muslim separatists in the south of the country. The area is one of the Democrat's few bases of support outside the capital.

As a payoff for defecting from the PPP, two MPs from the Newin Chidchob faction were given top cabinet posts, with Chavarat Charnvirakul taking over the powerful interior portfolio. The presence of ex-PPP members in the ministry could create friction with PAD. While PAD leaders have currently ended their protests, they have put the government on notice that they will be following its policies closely.

The immediate challenge, however, will come from the UDD and the Puea Thai party. Their campaign for new elections, which Puea Thai would probably win, is likely to gather support as discontent grows over deteriorating economic and social conditions. The first test of the new government's support will come in by-elections on January 11 to fill the seats of 29 MPs banned from politics by the Constitutional Court.



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