

New Thai government seeks to appease factional rivals

Peter Symonds
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Formally installed last week, the Thai government headed by Prime Minister Yingluck Shinawatra has moved quickly to try to end five years of bitter infighting in the country's ruling class following the ousting of Yingluck's brother Thaksin Shinawatra in 2006.

In her cabinet appointments, Yingluck has sought to reassure the international financial markets, as well as sections of the traditional elite—the military, monarchy and state bureaucracy—that bitterly opposed Thaksin and his cronies. Those who will inevitably lose out will be the layers of the rural and urban poor who voted for the pro-Thaksin Puea Thai party in last month's elections, hoping that it would act in their interests.

In her first speech as prime minister, Yingluck called on Thais to rally around King Bhumibol Adulyadej and declared that he would serve as her “guiding light”. This public kowtowing to the monarchy is aimed at appeasing staunch royalists, including those in the military high command, who have accused Thaksin and particularly the pro-Thaksin “Red Shirt” protest organisation, the United Front for Democracy against Dictatorship (UDD), of disrespect for the king.

The new defence minister, General Yuthasak Sasiprapa, also has been chosen to placate the military. While Yuthasak served as deputy defence minister in Thaksin's government, he is a trusted member of Thailand's political and military establishment. He is a senior general, a former permanent secretary of the defence ministry and the son-in-law of former military dictator Prapat Chrusathien.

Yuthasak has indicated that army chief General Prayut Chan-O-Cha will not be shifted out of his position during the annual staff reshuffle in October. Prayut, who is a hard-line royalist and close supporter of Queen Sirikit, was responsible for the violent crackdown on UDD protests in May 2010 that claimed more than 90 lives. During the

election campaign, Prayut made a televised speech appealing for voters not to elect “the same people”—that is, the pro-Thaksin party that, under various names, has won every election over the past decade.

Yingluck has appointed the former national police chief Kowit Wattana as deputy prime minister in charge of security affairs. According to the *Nation* newspaper, Thaksin handpicked Kowit, who is not only a royalist but was also a member of the administration installed by the junta in 2006. His appointment was meant to send a clear signal that the government would not challenge the monarchy or the military. Kowit is one of several “outsiders”—that is, unelected members—of the new cabinet.

According to several commentators, a pledge that the government would stay out of military affairs was one of the conditions for a deal that was stitched up between representatives of Thaksin, the military and the monarchy before the elections, in order to allow Puea Thai to assume office. *Asia Times* analyst Shawn Crispin reported last week that Thaksin has also sent emissaries to attempt to reach an understanding with the pro-monarchist Peoples Alliance for Democracy (PAD).

These efforts to patch up the deep rifts in Thai ruling circles reflect the fears of both pro- and anti-Thaksin factions that last year's Red Shirt protests began to express class hostility toward the wealthy elite and threatened to slip out of the UDD's control. In the wake of the ensuing military repression, Puea Thai and UDD leaders deliberately toned down their rhetoric, demobilised their supporters and sought a behind-the-scenes accommodation with the ruling Democrat Party.

Sharp divisions remain, however. The traditional elites had initially backed Thaksin when he came to power in 2001, but removed him via a military coup when he failed to protect less competitive Thai businesses from foreign competition

and cut across existing crony networks in favour of his own. Even though the military junta revised the constitution, the pro-Thaksin party won the 2007 elections, leading to a year of political turmoil in 2008. Sustained PAD protests, carried out with the complicity of the military and monarchy, created the conditions for what amounted to two judicial coups and the installation of an unelected Democrat-led coalition.

Yingluck, despite her claims to the contrary, is clearly acting under the advice of her older brother, who is currently in exile in Dubai. Significantly, her cabinet contains no Red Shirt leaders, even though they played a major role in her election campaign. Yingluck, a wealthy businesswoman, who was installed by Thaksin as Puea Thai leader just months ago, had no previous political experience.

The sidelining of the UDD could rapidly lead to tensions not just within Puea Thai, but more fundamentally with its social base that was outraged by last year's military crackdown and the anti-democratic measures imposed in the subsequent state of emergency. Many of those in the rural North and North East that voted for Puea Thai are being hard hit by rising prices and expect the Yingluck government to implement its populist election pledges.

Big business representatives, however, have called on Yingluck to wind back or abandon her election promises—especially, the pledge to increase the daily basic wage to 300 baht or about \$US10. The direction of the government's economic policy is already evident in the appointment of economic ministers that are well-known in financial circles in Thailand and internationally.

Both finance minister Thirachai Phuvanatanarubala and commerce minister Kittirat Na Ranong have been appointed from outside Puea Thai and its coalition partners. Thirachai, a former central bank deputy governor, has been secretary-general of the Securities and Exchange Commission since 2003. Kittirat has worked on various high-profile corporate boards and also served as president of the Thai stock exchange for five years.

In comments on his official Facebook page, Thirachai has indicated that he intends to “focus on fiscal discipline.” After declaring his support for Puea Thai's election promises, he added: “Still, we need to consider our fiscal stability at the same time. We have to balance the political dream with the possibility.”

Amid the renewed global financial turmoil and low growth

in the US, Japan and Europe—all major markets for Thai exports—the country's corporate elite will ratchet up pressure on the government to keep down wages and boost productivity. Economist Somphob Manarangsan told the Voice of America that international uncertainty “means we have to prepare the country—particularly prepare macroeconomic policy to be ready to cope with the effect of external factors.”

One unusual cabinet appointment was that of Surapong Towijakchaikul as foreign minister. As critics were quick to point out, Surapong has family connections to Thaksin and the Shinawatra family and little political or foreign policy experience. One of his first actions has been to request a special visa to allow Thaksin to visit Japan. As a result of his conviction on corruption charges, Thaksin is unable to travel there.

Surapong's appointment indicates that Thaksin is seeking to keep a close watch over the government's foreign policy. Under the Democrats, tensions flared with neighbouring Cambodia over a disputed temple site near their border, leading to several armed clashes. PAD and hard-line elements of the military were clearly seeking to exploit the issue against Thaksin, who has close relations with Cambodian leader Hun Sen. Puea Thai has indicated it will seek to improve relations with Phnom Penh.

More broadly, Thailand, like other countries throughout the region, confronts a growing foreign policy dilemma, with the US adopting a confrontational stance toward China. Bangkok, both under Thaksin and his opponents, has sought to balance between Beijing, a major economic partner, and Washington, a longstanding military ally. That tightrope has become increasingly difficult to walk.

The Yingluck government will undoubtedly receive a period of grace as it assumes the reins of office. That period could be quite short, however, as factional disputes in the ruling elite flare up over economic and foreign policy issues, and as disillusionment and opposition sets in among working people over broken election promises, austerity measures and deteriorating living standards.



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