Thai government on brink of collapse

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Thailand's coalition government of Prime Minister Paetongtarn Shinawatra is on the verge of collapse following a leaked phone call between Paetongtarn and former Cambodian leader Hun Sen. The call took place on June 15 and was made public three days later. It dealt with the growing tensions between the two countries over a border dispute that sharply escalated last month.

The call was recorded and leaked by Hun Sen, who was prime minister of Cambodia from 1985 to 2023. Though he has passed on the premiership to his son, Hun Sen remains president of Cambodia's senate and continues to carry considerable influence.

Since the May 28 border clash that led to the death of a Cambodian soldier, tensions have grown as both sides militarily reinforced the border and restricted crossings and trade, raising the potential for further escalation.

The two countries have a long-running border dispute dating back to 1907 and the French mapping of the region when France controlled Cambodia as a colony. While Thailand was never colonized, it had been forced to surrender significant territory to France. To date, approximately 195 kilometers of the 798-kilometer Thai-Cambodian border has still not been demarcated. Armed clashes also took place in 2011.

In the call, Paetongtarn addressed Hun Sen deferentially as "uncle," which her political opponents seized upon to claim she made Thailand look weak. Right-wing and military circles also accused Paetongtarn of undermining Lieutenant General Boonsin Padklang, the commander of Thailand's Second Army Area responsible for the border with Cambodia. The general has been whipping up nationalist sentiment since the border clash occurred.

Paetongtarn told Hun Sen that Boonsin was "playing tough." She dismissed his hardline stance as simply "wanting to look cool and saying things that are not useful to the nation, but in truth what we want is peace."

After the phone call was made public, the conservative Bhumjaithai Party, with its 69 seats, withdrew from the ruling coalition, which is led by Paetongtarn's Pheu Thai Party. The coalition now holds a slim majority of 260 seats in the 500-seat lower house of the National Assembly. Some leading members of the United Thai Nation Party, now the second-largest partner with 36 seats, are demanding Paetongtarn's resignation as a condition for remaining in the coalition, which she has so far refused to do.

If the ruling coalition loses its parliamentary majority, Paetongtarn could remain in power. However, her government's ability to pass legislation would be sharply curtailed, practically necessitating her resignation.

The main opposition People's Party has called for the dissolution of parliament and a new general election, saying it is necessary to prevent a coup. Army head General Pana Klaewplodthuk claimed that the military was committed to "democracy" and that the armed forces would continue to operate within "existing mechanisms."

This is no guarantee a coup will not occur, especially in a country that has experienced two in the present century alone. Anti-government protests have taken place, with more planned. The military could use these demonstrations or the overall instability in the government to carry out a coup under the pretext of restoring order.

The factional warfare among the Thai ruling class now erupting to the surface is not the result of a diplomatically embarrassing phone call. It has been ongoing behind the scenes for months and has already claimed one Pheu Thai prime minister. Srettha Thavisin was removed from office on trumped up ethics charges last August. It is an expression of the profound contradictions gripping not only Thailand but the entire

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region, under the impact of the crisis of global capitalism and escalating US-instigated wars in Ukraine and the Middle East.

Washington is escalating its preparations across the Indo-Pacific region for war against China and is applying pressure on countries like Thailand to line up with its military plans, including through Trump's "reciprocal" tariffs. Thailand faces a potential rate of 36 percent when the tariffs are set to take effect on July 9 if a trade deal is not worked out.

These negotiations are critical for Thailand's economic stability. In 2024, Thailand exported $63.3 billion worth of goods to the US. But Washington's attempt to coerce Thailand is driving the tensions in Bangkok. China is Thailand's largest trading partner and one of its largest foreign investors. There are factions within the Thai ruling class, including inside the military, that favor friendly relations with Beijing.

Between 2016 and 2022 under the military junta that seized power in the 2014 coup, Thailand purchased $394 million worth of weaponry from China, compared to $207 million from the US.

The Trump administration is exploiting trade talks with Thailand and other countries such as Vietnam and Indonesia to bully them to line up against China. Washington is demanding Bangkok purchase US military equipment such as 130 Stryker armored vehicles and other weaponry.

Thailand is also the oldest US military ally in Asia. It played a major role in the Vietnam war, providing approximately 40,000 troops and major air bases from which US aircraft launched bombing missions over North Vietnam, Laos, and Cambodia. Washington no doubt hopes Thailand would play a similar role in a war against China. Today, Thailand alongside the US also hosts Cobra Gold, the largest annual multinational military exercises in the Indo-Pacific region.

Additionally, the Thai ruling class is deeply concerned that the crisis of capitalism will ignite an eruption of working-class struggle that Paetongtarn and Pheu Thai will be unable to contain. Thailand's GDP grew only 2.5 percent in 2024, roughly half the average growth of other countries in the region. Without a tariff deal, financial analysts are predicting this could drop to only 1 percent this year.

According to Thailand's Kasikorn Research Center (KResearch), more factories will close in 2025 than in the last two years, during which there was an average net loss of 53 factories per month. These closures have been particularly prevalent in sectors like electronics, automotive, and food processing, which are heavily reliant on exports to the US.

Thailand's automotive industry, the 10th largest in the world, saw car sales contract by one percent in the first half of this year, with the expectation that they will decline another 1.7 percent in the second half of the year according to KResearch. Overall, domestic car production is expected to fall by 6 percent for 2025.

Consumer confidence fell to 54.2 on the Consumer Confidence Index in May according to the University of the Thai Chamber of Commerce, the lowest level since March 2023. A score lower than 100 indicates general pessimism with the state of the economy while a score greater than 100 indicates optimism.

Thai credit growth is also turning negative for the first time since the 2008 global financial crisis, with a forecast by KResearch of –0.6 per cent for 2025. Non-performing loans (those which default on their payments), are set to rise from 2.7 percent to 3 percent.

The Thai ruling class is turning to nationalism and militarism in order to project these mounting internal tensions outwards against an external enemy. Whether Paetongtarn's government falls remains to be seen, but no section of the ruling class has a progressive solution to the worsening crises facing the working class.

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