



Political Turmoil in Thailand and U.S. Interests

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Summary

Thailand has been destabilized by years of political turmoil since a military coup deposed Prime Minister Thaksin Shinawatra in September 2006. Mass demonstrations on both sides of the political divide have disrupted tourism and business in the kingdom, and twice forced the postponement of an international Asian leaders' summit. Since late 2008, a new coalition government has struggled to hold on to power by offering conciliatory gestures to the opposition and avoiding a violent military crackdown. This report examines the government's performance, the role of the military, Thaksin's impact on the situation, and the royal family's influence. It assesses the prospects for more elections, the degree of control exercised by the army over the civilian government, Thaksin's activities and possible future in Bangkok, and the role of the palace in current Thai politics.

As a formal U.S. treaty ally, Thailand's situation holds implications for the United States. The instability of the past several years has made many question the reliability of Thailand as a major regional partner as well as cast doubt on Bangkok's commitment to democratic governance. Others argue that, despite the political turmoil, the well-established defense relationship remains very valuable to the United States, even as opportunities emerge with other Southeast Asian countries. The relevance of competition with China in the region and the impact of Thailand's difficulties on the Association of Southeast Asian Nations (ASEAN) are also examined.

This report will not be updated. Tracking of current events in Thailand can be found in CRS Report RL32593, *Thailand: Background and U.S. Relations*, by (name redacted)

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Overview

Long considered one of the key U.S. partners in Southeast Asia, Thailand has made international headlines for ongoing demonstrations and precipitous changes in government over the past three years. Democracy advocates argue that the revolving door of leadership in Bangkok does not indicate legitimate transfers of power, and question whether Thailand is sliding backward into a pattern of short-lived, weak leaders often deposed by a military coup. U.S. officials have taken a cautious approach to the situation, imposing sanctions as triggered by U.S. law but also maintaining that the formal military alliance remains important to Washington. What is the outlook for stability in Thailand and at what point does the uncertainty erode the partnership with the United States?

Thailand's Political Situation

Bangkok has been rocked by political turmoil since 2005, and particularly since a military coup deposed popularly-elected Prime Minister Thaksin Shinawatra in September 2006. An interim military government struggled to rule until it staged elections in December 2007. Although Thaksin's successor party¹ won the most seats, two successive prime ministers were forced to resign because of controversial rulings by Thailand's high court. Both decisions raised concerns that Thailand's judicial system was being used for political purposes. As protesters filled the streets and eventually took over Bangkok's international airport for several days, lawmakers realigned into a new ruling coalition and Abhisit Vejjajiva of the Democrat Party assumed the premier post. Since then, protests have continued to disrupt the country, including the embarrassing cancelation of an East Asian leaders' summit in April 2009. Despite armed clashes (not to mention considerable economic impacts because of property damages and the loss of tourism revenue), only a few people have died, but over one hundred have been injured.

The protestors are divided between two main groups: the People's Alliance for Democracy (PAD), known as the "yellow shirts" and the United Front for Democracy Against Dictatorship (UDD), known as the "red shirts." The PAD, initially formed under the leadership of media baron Sondhi Limthongkul in early 2006, led large-scale protests accusing Thaksin of corruption and subversion of democratic practices, which some observers claim lay the groundwork for the military coup. The PAD are ideologically in sync with the elite establishment of Bangkok: a mix of the military, royalists, the bureaucracy, and largely urban and middle class citizens. The combination of Thaksin's broad popularity and clampdown on opposition opinions in the media threatened many of those in the "old guard." The "red shirts" are Thaksin loyalists who insist that the current government is illegitimate. Thaksin's traditional power base is the rural, poorer population of Thailand; his attention to this constituency helped unleash a new populist movement that led to two overwhelming electoral victories and unprecedented consolidation of power from 2000 until his removal in 2006.

The pattern of protests and counter-protests indicates the weakness of Thailand's political institutions, as the disaffected take to the streets. The PAD and their allies felt that Thaksin's rule

¹ Thaksin's party, the Thai Rak Thai, was banned due to a constitutional tribunal decision in May 2007, but most of the member regrouped under another party named the People's Power Party.

was marred by his alleged dismantling of traditional watchdog groups and institutions that could constitute a check on his executive power. Their frustration was compounded when Thaksin's successor party was returned to office in the December 2007 elections, led by what they deemed to be puppet leaders operating at Thaksin's command. The UDD have the traditional validation of popular elections on their side, and are infuriated that the judicial system has overturned democratic results at the polls. With distrust in traditional mechanisms high among those not in power, both movements have turned to the passion of their supporters to create enough havoc to have their demands heard. The cycle shows few signs of slowing, and democracy advocates worry openly that Thailand, once among the best examples of democratic governance in the region, may be drifting away from popular representation.

Current Government's Track Record and Choices

The Abhisit government has drawn mixed reviews for its performance since assuming office in December 2008. Although the violence in Bangkok was widely seen as being handled relatively well, the demonstrators who blockaded the airports caused substantial economic damage. Further, the failure to quell the protests in Pattaya led to the evacuation of several world leaders and the cancellation of a high-profile summit, an embarrassing event for Abhisit. The cancellation was also a poor reflection on the Association of Southeast Asian Nations (ASEAN), the sponsoring organization, and therefore diminished Thailand's standing among its regional neighbors. The Abhisit government faces other challenges as well, with the economy in a recession and an insurgency in the country's southern provinces.

The ruling party seems unlikely to call for elections in the short term, although there are increasing calls to announce elections within a year's time.² Abhisit has claimed that a new round of elections could stimulate violence again, and that stabilization is essential at this point, although he claims to not have ruled out elections this year. Past popular elections have resulted in victories for Thaksin's supporters, although it is not clear that the current successor party, the Puea Thai, would have the same success as past incarnations of the Thaksin's parties.

Abhisit has stressed the need for national reconciliation and a willingness to demonstrate flexibility, including a re-negotiation of some of the more controversial elements of the constitution written under the interim military government. He has voiced support in particular for amendments that would restore a fully elected Senate and a reversal of the law that allows entire political parties to be disbanded because of individuals' infractions.³ There is considerable debate about the degree of authority Abhisit holds, given the other powerful stakeholders in Thai politics. His command of the military forces is particularly subject to question (see below).

The Military's Role

The military, and particularly the army, traditionally holds considerable power in Thai politics. Since the constitutional monarchy was created in 1932, the kingdom has experienced 18 military coups, although the 2006 coup was the first in 15 years. Intra-military rivalries and turf wars, as well as competition between the armed forces and the police, further complicate the politics of the

² Pongsudhirak, Thitinan. "Thailand: After the Red Uprising," *Far Eastern Economic Review*. May 1, 2009 and Abuza, Zachary. "Thailand's Failed Experiment?" *New York Times*. April 17, 2009.

³ "Thailand's Prime Minister Lifts State of Emergency," *Washington Post*. April 24, 2009.

security forces. Since the turmoil started in 2006, the military has usurped power, governed the country, run elections, turned power back over to an elected government, and, generally, has exercised restraint in controlling the demonstrations that have rocked Bangkok and other areas of Thailand. Military leadership appears to be acutely aware of the risks of forcibly putting down the demonstrations, and particularly the effect that international television coverage might have on the reputation of the military.

However, analysts generally agree that the military still holds a strong influence over the course of current events. The army refrained from taking back power outright when Thaksin allies won power back in popular elections, although this may have been due to the unexpected difficulty in running the country in the interim period. Perhaps chastened by the experience, the military has remained a relatively quiet observer and light enforcer of order in the months since relinquishing control. Some observers still view the military as a wild card, however, and insist that the civilian leadership does not have full ability to act independently.

As the political jockeying continues in Bangkok, an insurgency in Thailand's majority-Muslim southern provinces has claimed over 3,400 lives since its resurgence in early 2004. Past governments have failed to quell the violence despite employing various tactics in the struggle. The military appears unwilling to cede its authority over this troubled region, which may be hamstringing any efforts by Abhisit's government to adjust the strategy.⁴

Thaksin's Role and Future

Thaksin remains a constant presence during the period of turmoil. Most analysts believe that the impetus for Thailand's slide into chaos was his spectacular rise to power early this decade, and his ensuing assertiveness as prime minister, which, they argue, upset the delicate balance that had existed in Thailand's relatively young democracy between the elected government and Thailand's other traditional power centers, predominantly the palace and the military.

Thaksin was not a member of the Army (much of his career had been spent in the Royal Police Force), and he was not known as a royalist. His electoral victories in 2000 and 2005 were historic in scale, and gave the elected government (and Thaksin himself) power that was truly unprecedented in Thailand, which had traditionally had a weak executive and fractious coalition governments. Thaksin was an extremely assertive prime minister, implementing a range of populist economic policies and cracking down on groups critical of his government, including several media outlets and organizations that are part of Thailand's vibrant civil society.

It is not clear specifically what caused the apparently irrevocable break between Thaksin and the military-royalist group that deposed him. By the time of the coup, thousands were in the streets protesting corruption allegations against Thaksin, sparked by the tax-free sale of his family's telecommunications company to a Singapore state firm. Many in Thailand believe that elites within the military and the palace bristled particularly at Thaksin's efforts to build relationships within the two institutions, which upset internal rivalries. The 2006 coup demonstrated the limits of Thailand's democratic institutions and the strength of these other centers of power.

⁴ "Muslim Rebellion Ramps Up in Thailand," *Associated Press*. May 3, 2009.

Thaksin has been out of the country since fleeing in 2008. He is reportedly moving between several locations to evade possible extradition, and has been known to have been in various locations in Europe, Asia, Africa, and the Middle East. He has appeared via video to encourage his supporters at several demonstrations. Although some observers had concluded that his power and finances were waning in early 2009, the passion and size of the April 2009 UDD demonstrations indicated otherwise. Thaksin clearly galvanized the counter-establishment movement, but it is unclear if its durability is dependent on his personal charisma or instead represents a more deep-seated strain in Thai society. In many ways, Thaksin is an unlikely hero for the lower classes in Thailand, given his fortunes made in the business world. Contemplation of the future of Thai politics cannot rule out Thaksin's physical return to the kingdom, despite the warrants for his arrest and array of charges leveled against him.

The Royal Family

The role of the palace in Thai politics is complicated and exceedingly sensitive as an issue to the Thais. On the one hand, the power of the palace, and particularly the intense popularity of King himself, provides an important pillar of stability. King Bhumiphol, who has served since 1946, commands tremendous respect and loyalty from the Thai public and continues to exercise influence over politics in Thailand. The king is 82 years old and reportedly in poor health. In the midst of major political instability, many Thais look to the king to provide assurances and possibly offer a solution, although he has remained largely silent during the current crisis. Due to stringent *lèse-majesté* laws, the issue of continuity in a fractured society is never discussed in the press. Some western press outlets, however, have ventured to explore both the succession issue and the king's possible role in creating the current impasse.⁵

Implications for the United States

Thailand has been a significant partner for the United States and an important element of the U.S. strategic presence in the Asia-Pacific. At the same time, Thailand enjoys a strong economic and political relationship with China, making it a potential battleground for influence in the region. The political turmoil and ongoing separatist violence in the southern provinces have raised concern that Thailand could become increasingly unstable. Mindful of geopolitics, the United States is attempting to balance its strategic needs with its imperative to remain a champion of democracy in the region.

Following the 2006 coup, the United States imposed a number of penalties as stipulated in U.S. law, which it then lifted in early 2008, following the 2007 polls. Overall, the U.S. response was seen as relatively mild.⁶ Many military and diplomatic officials, wary of some aspects of

⁵ "Thailand's Monarchy: The King and Them," *The Economist*. December 6, 2008 and "The Trouble with the King," *The Economist*. April 18, 2009.

⁶ Following the coup, U.S. officials faced the challenge of expressing disapproval for the rollback of democracy while not sacrificing what many view as a crucial relationship in the competition for influence with China in Southeast Asia. Many observers saw the response as relatively mild. On September 28, 2006, the U.S. State Department announced the suspension of several assistance programs under Section 508 of the Foreign Operations Appropriations Act (P.L. 109-102): Foreign Military Financing (FMF, for defense procurement), International Military Education Training funds (IMET, provides training to professionalize the Thai military), and peace-keeping operation programs. Also suspended were funds for counterterrorism and other operations appropriated under Section 1206 of the National Defense Authorization Act for FY2006. The suspended programs totaled over \$29 million. Other programs deemed to be in the (continued...)

Thaksin's leadership style and more familiar with the old establishment in Bangkok, appeared to want to maintain strong relations with the elite despite the interruption of democratic practices. However, hopes for a smooth transition back to representative government were dashed as the turmoil has continued to churn in Thailand since the initial coup. To many observers, Thailand has slipped in its status as an ASEAN leader and lost ground as an example of democratic rule and free markets. At the same time, the U.S.-Thai alliance has been characterized as rudderless, lacking strategic direction and relying on a legacy of past cooperation. As the Obama Administration looks toward cooperative relations with Indonesia, some regional analysts wonder if Thailand may be fading as the favored U.S. partner in Southeast Asia.

Bilateral Alliance

Decades of shared strategic interests and institutionalized defense cooperation have fortified the bilateral alliance. The 1954 Manila Pact of the former Southeast Asia Treaty Organization (SEATO), together with the 1962 Thanat-Rusk communiqué, forms the basis of the U.S.-Thai security relationship, reinforced by joint efforts in the Korean War and the Vietnam War. Throughout the Cold War, Thailand served as a solid anti-Communist ally in the region; more recently, Thai ports and airfields played a crucial role in maintaining the flow of troops, equipment, and supplies to the theater in both the 1991 Persian Gulf War and current conflicts in the Middle East. As a "major non-NATO ally," Thailand has enhanced access to U.S. foreign aid and military assistance, including credit guarantees for major weapons purchases. Thailand served as the logistics hub for much of the U.S. and international relief effort after the 2004 Indian Ocean tsunami. Thailand also hosts Cobra Gold, the largest annual multilateral exercises in the region, in addition to providing other valuable training opportunities for U.S. forces.

U.S. military officials are keen to maintain the strong links with the Thai military establishment, particularly given the strategic value of Thai facilities in possible regional contingencies. Some regional analysts insist that Thailand, while imperfect, is an important democratic ally and crucial to indicate U.S. commitment to the region.⁷ However, criticism has emerged that U.S. efforts to instill core concepts like civilian control of the military appear to have had little effect given the experience of the past few years. Although use of Thai airfields has been crucial in U.S. military operations and relief efforts, some observers doubt that Thailand would allow the United States to use the facilities in some potential conflicts. Others have pointed out Thailand's reluctance to extradite two international suspects, including the renowned Russian arms dealer Viktor Bout, to the United States despite American requests to do so.⁸ Joint intelligence operations, reportedly cozy as the U.S.-led global war on terror accelerated under the Bush Administration, may be on the wane given changes to approach in Washington. All these issues have raised the question among many of how dependable Thailand is as a U.S. ally.

(...continued)

U.S. interest continued, according to the State Department. After Surayud was appointed, U.S. Ambassador Ralph Boyce was reportedly the first foreign diplomat to meet with him. On February 6, 2008, the U.S. State Department announced that Deputy Secretary of State John Negroponte had certified to Congress that Thailand had restored a democratically elected government, thereby removing legal restrictions on assistance that had been imposed after the coup. A statement from the U.S. Ambassador said that funds were reinstated for programs that include the International Military Exchange Training (IMET) programs, Foreign Military Financing (FMF), and the Global Peacekeeping Operations Initiative (GPOI).

⁷ Lohman, Walter. "In Defense of Thailand's Democracy," *Heritage Foundation WebMemo*. February 6, 2009.

⁸ Crispin, Shawn. "When Allies Drift Apart," *Asia Times*. February 14, 2009.

Geostrategic Competition with China

One of the primary motivations for maintaining strong relations with Bangkok is the ongoing competition with Beijing for influence in Southeast Asia. Thailand, long known for its ability to keep good relations with all parties, enjoys strong economic, political, and cultural ties with both China and the United States. Following the 2006 coup, many U.S. government officials cited fears that China would take advantage of any withdrawal of U.S. military assistance to establish stronger defense relations between Bangkok and Beijing. It is difficult to assess if the Chinese have moved more assertively in recent years, but existing arms sales and military exercises have continued and, in some cases, expanded.⁹ At the same time, the U.S. military has made overtures to engage China's military, including welcoming their participation as an observer for the first time in the Cobra Gold exercises in May 2008. For those within the U.S. defense establishment who view China as a strategic threat, however, any loss of ground to Beijing in the military sphere is considered dangerous.

Regional Diplomacy

The turmoil in Thailand has already significantly disrupted ASEAN's activities and threatens to further constrain the organization's ability to function effectively in international diplomacy. Thailand currently holds the chair for ASEAN, and former Thai Foreign Minister Surin Pitsuwan is serving as the group's Secretary General. Most visibly, UDD demonstrations forced the abrupt cancellation of the April 2009 ASEAN summit, including the helicopter evacuation of several heads of state, while others en route to the meeting were turned around mid-flight. The summit had already been rescheduled twice due to disruptions in Thailand; the failure of the Pattaya summit is seen as a major embarrassment for Bangkok.

As a regional organization made up of 10 nations that operates on the premise of non-interference and consensus, ASEAN already struggles to be a relevant diplomatic force. In addition, ASEAN operates as a facilitator for two other major Asia-wide multilateral formats: ASEAN Plus Three (with China, Japan, and Korea) and the East Asia Summit (all of the above plus Australia, India, and New Zealand). With ASEAN weakened by successive failures to meet, the health of broader cooperation mechanisms may also be threatened.¹⁰

The current global economic downturn has damaged many of Southeast Asia's export-dependent economies, and Thailand has been especially hard-hit in the midst of the political instability. There is concern among Thai-watchers that Thailand will be unable to re-assume its position of strength after the economy recovers, with new investment opportunities available in countries like Vietnam and Malaysia.¹¹ In addition, Thailand's leadership of the region is challenged by the emergence of Indonesia as a compelling example of democratic success, particularly as the United States looks to capitalize on Obama's personal connection to the largest Muslim nation in the world. Thailand also plays a significant role in Burma's economy; any adjustment to U.S. policy toward Burma may require assistance from Bangkok, just as its clout in the region has declined.

⁹ Ibid.

¹⁰ Emmerson, Donald K. "ASEAN's Pattaya Problem," PacNet #30. April 22, 2009.

¹¹ Hamlin, Timothy. "What's the Matter with Thailand?" Stimson Center. April 16, 2009.

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