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Publication date:
2007

Document Version
Publisher's PDF, also known as Version of record

[Link to publication from Aalborg University](#)

Citation for published version (APA):

Schmidt, J. D. (2007). *The external relations of the monarchy in Thai politics*. Paper presented at International conference on "Royal charisma, military power and the future of democracy in Thailand", Copenhagen, Denmark.

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The external relations of the monarchy in Thai politics¹

Tentative draft – only for discussion

Johannes Dragsbaek Schmidt²

The real political problem in Siam was – and is - precisely this: that there was no decisive popular break with 'absolutism', fuelled by social radicalism and mass nationalism

(Anderson 1978: 225)

The September 19 military coup in Thailand in 2006 caught most observers by surprise. A great majority of media, laymen, politicians and not least the academic community had more or less denied the possibility of a return of the military into Thai politics. Only very few saw the army's withdrawal to the barracks as a temporary matter and few would have predicted that the monarchy would become directly involved in the matter.

A number of scholars see the Thai monarchy and King Bhumipol as the preserver and vanguard of conservative and nationalist values (Hewison 1997) It has been said again and again that the King himself is the last bastion of Thainess. Key to his achievement has been the power of traditional symbolism, the dynamics of the Cold War, the evolution of Bhumipol's own thought, the little known world of the king's spirituality, and the palace's even less known capitalism (Handley 2006: 10).

Any critique of the Royal House has been dismissed and banned – from movies, to international magazines, books and bibliographies, and even internet websites. The so-called mandates or 'royal prescriptions' *phraratchaniyom* have promulgated "what would constitute treasonous activity, for example revealing information to foreigners that might be damaging to the nation or acting against the national interest as agents of spokesmen for foreign governments" (Reynolds 1991: 5-6). This edict from 1939, later translated into legislation, articulated the belief in the ruling elite and the popular masses, "that certain political groups or political activity – most notably communist – was 'un-Thai' or even 'anti-Thai' and thus dangerous, subversive, and destabilizing" (Reynolds 1991: 6). This has happened with the silent accept of the

¹Paper for the International Conference on "Royal charisma, military power and the future of democracy in Thailand", Copenhagen, Denmark, 22-24 November 2007..

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international community and even the support from some quarters in the domestic arena.

The supporters of censorship claim that, without the monarchy, Thailand will be destroyed. What is interesting in the context of the recent military coup is the fact that the King gave his blessing to the military coup d'Etat and the question which this paper tries to answer is why the international community accepted the destruction of democracy and what is the ideological relationship between the Royal House and its external partners? The question is whether the old Thailand, where small royal, aristocratic or military elites could dominate a quiescent population of subsistence farmers, has gone?

One dimension of the coup which so far has not been explored is the role of the King and the international reactions before and after the coup. A more thorough explanation of the political orientation and connections of the monarchy with the most important external actors – not only in the near abroad in Southeast Asia but more importantly as this paper tentatively intends to investigate: What are the values, the ideology, and the geo-political and geo-economic influences and relationship between the monarchy in Thailand and the United States and China?

The paper is divided into four sections. The first part discusses the most important explanations of the coup. The second part is devoted to history and ideology of the king and the throne while the third develops an image of the Crown Property Bureau and the Privy council's role in Thai politics. The fourth and fifth sections look more squarely at the impact of the rivalry of the US and China and the regional security dimension in relation to the coup itself and more specifically the role of the king. Finally some concluding remarks are offered.

The coup and its explanations

There are a variety of suggestions trying to explain why the Thai military decided to stage the 18th coup in 75 years. Some point to corruption and declining growth and investment rates and others to the underlying structural causes of transformation and maldevelopment. The high economic growth rates before the 1997 crash produced extreme disparities of wealth, both vertically and horizontally. The affluent share the cities with workers on minimal wages, frequently labouring in atrocious conditions. When income is expressed in per capita terms, however, urban Thais are vastly better off than those in rural areas. Poverty is particularly pronounced in the north, northeast and far south. Most industrial development has focussed on Bangkok, which now accounts for over 50 per cent of the nation's GDP although it has only an estimated 15 per cent of the population. This imbalance and uneven development explain

Thaksin's popularity as promoter of social change and in contrast the King's role as national symbol and promoter social order.

Still others refer to the security problems in the Southern-most provinces of Thailand. Immediately after seizing power and pledging a new, conciliatory strategy to tackle violence in the Muslim-dominated south, Prime Minister General Surayud Chulanont, right, and his Malaysian counterpart Abdullah Badawi met in Kuala Lumpur and in an interview with the *Far Eastern Economic Review* a few hours before the coup took place Prem Tinsulanonda gave strong indications that the security situation in the South had certain resemblances with the 'communist terrorists' in Northeast Thailand in the 1970s (Murphy 2006). In a statement General Surayud Chulanont explicitly said that "During the time of the Thaksin government, the southern problem was mishandled by him, [he] took a hard-line stance against the insurgents," "People were abducted and killed, causing more anger and hardship against government officials" (Wolff and Kate 2006).

A third explanation has tried to relate the coup to the role of the Privy council and King Bhumipol Adulyadej and not least the unresolved question about succession which essentially can be viewed in the context of power politics (Handley 2006b). The king turned 80 in December 2006 and is in ill health. This raises the question who is going to become the next king and subsequently who is going to preside over the informal and indeed formal institutional influence of the monarchy on the future of Thai politics and economics (Ockey 2005)? As Bowring notes "After 60 years on the throne, King Bhumibol Adulyadej's prestige has never been higher, nor his political influence greater (the palace overtly supported the recent coup makers). Yet the Thai monarchy has come close to extinction before, whether at the hands of democrats or generals, so Bhumipol's successor, whoever that may be, will need to understand that a monarch's political power in a modern state is more" (Bowring 2006a).

Most Thai specialists thought that the country's 1997 constitutional democracy and the strength of representatives of private capital in politics inevitably would prevent another military intervention. The reality shows that confrontations between the Prime Minister and palace became more and more prominent not least because of the attempts by Thaksin to remove high-ranking bureaucrats close to the King. In effect Thaksin's moves diminished the monarch's influence inside the bureaucracy and seemingly "tried to consolidate his power in anticipation of the post-Bhumibol era. For example, when Thaksin ordered in 2001 the sidelining of Kasem Watanachai and Palakorn Suwannarat, two well-known royalist bureaucratic officials, the King within hours appointed both of them to his 19-member Privy council" (Kavi 2007a). For months, Thaksin had rivalries with the king and blamed an unnamed 'charismatic

figure' for his troubles. This even went so far that after the King was hospitalized Thaksin offered him a free health insurance-card to the 30-baht health scheme perhaps as a provocation but more likely in order to demystify the charismatic aura of the King in the eyes of the people.

Another case involved the military reshuffle where Thaksin tried to promote faction from the pre-Cadet Class 10 loyalists to the pivotal 1st Army Division. That incident brought Thaksin into conflict with senior members of the army and the Privy council, and his refusal to back down from the proposed personnel changes appears to have been a major factor behind the coup. Thaksin attempted to “elevate Major-General Prin Suwanthat to commander of the 1st Army Division, which crucially is charged with overseeing security in Bangkok. Thaksin also reportedly pushed to promote Prin's ally, Major-General Daopong Ratanasuwan, to take over the 1st Infantry. With assistant army commander Pornchai Kranlert in place, the reshuffle, if accomplished, would have given Thaksin an unbroken chain of command over crack troops responsible for Bangkok's security” (Kavi 2007a). These attempts to attain the upper hand on the state's monopoly of the means of violence showed that the military is not a monolithic entity but rather composed of opposing factions – some pro palace and others more inclined towards constitutional based democracy and still others with different opinions.

The continued provocations from the TDR and Thaksin himself led to accusations and rumours about the so-called ‘Finland Plan,’ in which it alleged that the Prime Minister was part of a conspiracy to overthrow the king. This began a series of accusations and counter-accusations. Pairoj Vongvipanon for instance said that “Thaksin must be careful or else he might be killed. Don't think that assassinations cannot occur in Thailand” (Wolfe 2006).

The coup itself was essentially a retro action. A military coup, not seen in Thailand in 15 years. Indeed, the sight of army troops in Bangkok was surprising to most Thai and international other observers while few others have noted that General Saprang who in Bangkok Post admitted that the idea had been around for seven or eight months (http://www.bangkokpost.com/Outlook/05Mar2007_out49.php). As the national and international audience saw the events unfold on TV and on the ground the armed soldiers displayed yellow ribbons as a symbol and endorsement to King Bhumipol and the coup leaders announced the new name of the junta: Council for Democratic Reform under the Constitutional Monarchy (the 1991 coup makers called themselves The National Peace-Keeping Council).

The King's direct political role and legitimating of the coup led one academic “to call the event ‘a royalist coup’.” In addition, during the night of the coup, all radio

stations and television channels played songs composed by the King, interspersed with pictures of the King's activities in development projects initiated by the royal family. This display has led another academic to shrewdly call it the 'unread announcements' of the coup leaders" (Chairat 2007). Another indication which shows that the coup had been planned many months before was the wish of the junta to install Pridiyathorn Devakula as the new central bank governor. On returning to Thailand from New York the day after coup he said "hadn't thought about it", but there is speculation whether "he is being economic with the truth, and that he in fact was instrumental in organizing the takeover. Conspiracy theorists have even suggested that the central bank governor had been talking up the baht in recent weeks to prop-up the currency and offset any damage done by the coup" (www.asia.int.com/ar1/ar111465.asp).

One of the early students of Thai politics Fred Riggs who in his book on Thailand from 1966: 'The Modernization of a Bureaucratic Polity' argued that Thai bureaucrats, whether civilian or in military outfit, are noted for their involvement in politics. The bureaucratic participation, as Riggs called it, has historically speaking been part and parcel in the Thai political arena all the way back to the overthrow of absolute monarchy in 1932 which according to Riggs was an uprising of the bureaucrats for the bureaucracy. In fact, we also see a certain inertia in the announcements from the military leaders – the four reasons mentioned by General Sonthi clearly echoes the reasons for the coup in 1976 and also in 1991 where General Suchinda mounted a coup against the civilian government on the same claims of widespread corruption and the existence of 'unusually rich' politicians and again the usual accusations of *lèse majesté* against the King. What is interesting in this respect is that this time it might be more plausible to see the intervention by the Privy council and the army factions loyal to the King as part of an inter-factional capitalist confrontation between opposing capital interests (Ukrist 2007). A point I will come back to below.

With one exception, the coup in 1976, the main difference between the other 18 coups since 1932 and the military takeover in 2006 was that this time King Bhumibol Adulyadej not only endorsed the coup, but also through his Privy council and army proxies, the king took absolute control of the whole kingdom. The Privy council today "as a body can institutionalise not only the formal role of the monarchy but to some degree, as we saw with Prem, it can take on the informal constitutional role of the monarch as well (Ockey 2005: 123).

Does it mean that Riggs's thesis is correct today as well? Yes and no with certain modifications there is some truth in it as "Thailand's civil servants literally serve the king" (Vatikiotis 2006) and it was a predictable outcome of Thaksin's threats against the power circles of King Bhumipol's old boy's monarchy network (McCargo 2005)

or simply the conservative elite. Bhumibol had over the years maintained his authority over elected politicians through so-called ‘monarchic networks’ of loyal royalists strategically positioned inside the bureaucracy, including the highest echelons of the military. But the coup is also a reminder to those scholars who repeatedly have claimed that the bureaucratic polity was over and had been replaced by a different model in response to the bargaining strategies employed by big and local business associations and representatives of big capital. What it really implies is furthermore and again that when the King he dies a power struggle will inevitably occur about the future direction of Thai society.

In a review of Paul Handley’s *The King Never Smiles*, a banned book in Thailand, the author stress that the “King remains the ultimate arbiter of power” and citizens expect “that in a crisis it is the King, and not his government, who comes to the people’s rescue” (Buruma 2007). This observation might lead to the conclusion that because Thaksin actually became a threat to the real power of the King he would sooner or later run into trouble especially since he tried to replace those loyal to King Bhumipol in bureaucracy and the military with his own people. But it was the King’s network – their ideology and political sympathies which determined the situation and this is where the US-China link comes in. The question is whether the geopolitical role and ideological influence of the US and China had a significant impact as well on both King Bhumipol and the Privy council’s support both before and after the coup. In fact, some evidence shows that if not directly then indirectly the White House gave a green light to stage the coup. In the end the new military dictatorship has probably strengthened the position of the United States in both Thailand and Southeast Asia as a whole.

The power and influence Bhumipol exercises can be interpreted through a dual perspective on the informal and formal institutions of the palace. The throne would not be able to act as patronage of Thai national identity and preserver of social order without real financial and ideological clout. It is not only the symbolic or informal power which is important to understand but also the real institutions of the monarchy (Ockey 2005: 117).

The historical dimension – the ideology of the throne

King Bhumipol has always had historical close ties with the United States. Born and raised in the US and later on educated in Switzerland his political awareness was sharpened during the Cold War (Handley 2006a: 187-189). It is probably not wrong to suggest that the anti-communism of the old conservative generation of the Privy council and the king himself has strong influence on their thinking today and that Cold War support from the United States has been a keystone of Thai security (Chairat 1985; Surachart 1988). As various observers have argued the monarch

values stability over democracy and has been traditionally conservative in his ideological orientation. The construction of the ideology of the throne can be intercepted as an active political force working towards a 'conservative capitalist state' (Hewison 1997).

This is a state where the monarchy ideologically disciplines the rural population through the discourse of thrift, self-reliance, national security and moral selfhood. Because of the fragmentation and competition in and between the state and the bourgeoisie the monarchy remains a key force for integration. "This dual position, as an agent of political and economic interests, and as a symbol transfigured as the soul and destiny of the nation, requires an iron regime of controlled imagery, given the glaring disparity between the rich and the poor" (Connors 2003: 132-133). It may be argued that the shared societal discourse of redistribution, social welfare and social rights is a direct outcome of the ideology of conservatism and philanthropy. This type of thinking is articulated in discourses of 'sufficiency economy' which in reality is a replacement of a social economy and a general belief that civil society can replace the role of the state as provider of collective goods. This particular ideology is used to discipline labour's demands for social security and, in general, demands that could humanize and socialize work and living conditions and economic relations (Schmidt 2002: 103).

It is also rather striking that Washington historically and currently has regarded the king, and not the Prime Minister, as head of state. This has been the indirect excuse for US recognition of governments in Thailand that came to power by military force, while the monarchy over time came to engage itself deeply in the Thai political, economic, and social structure. The accusations against the Privy council and especially former Prime Minister and current Chief Privy councillor Prem Tinsulanonda of masterminding military alliances, their control of the Crown Property Bureau with its vast empire of land holdings and companies, and co-optation of the Buddhist *sangha*, have all led to unclear boundaries between the informal extra-constitutional power of the monarchy and the real institutions belonging to the King. The support from the United States during and after the Vietnam War has led to the construction of a vast and complex network of modern royalist political, economic and security interests which are entrenched into the national economy. The alliance between the conservative elite, and important factions within the military and the formal and informal power structure of the monarchy has required a coordinated formula "to rationalise military rule while attempting to give it somewhat of a popular face, US and Thai elites consciously promoted reassertion of the monarchy" (Glassman 2007: 2040).

This was a process which first culminated with the historic ‘break’ of the popular movement of 1973, on 14 October, with the collapse of the Thanom-Praphat regime (Anderson 1990:40). The ideological restoration started with the bloody coup of October 6, 1976 which implicated all of the major rightwing forces (the palace and king, CIA, Village Scouts, right-wing neo-fascist elements in the military and Supreme Command). The unusual level of brutality and violence (for which no-one has so far been made accountable) was an effort to eradicate and discredit all the groups who would resist the existing order. In the aftermath came the reinforcement of the *lese majestè* laws and it became clear that the royal family had been closely involved in the incidents or even orchestrated the process that led to the return of military rule and the bloody massacre at Thammasat University in October 1976. In this way the formal intervention by king Bhumipol shows in a contradictory way that, “..... ‘Royalism’ in the sense of an active quest for real power in the political system by the royal family – i.e. the role of a political ‘subject’ – persists in a curiously antique form in contemporary Siam....This is all the odder since the present ruler’s accession to the throne was a product purely of formal lineage and accident and should therefore have made him an ideal political subject.” (Anderson 1977 cf Handley 2006a: 428). Handley offers compelling arguments that Bhumipol persistently favours weak governments of doubtful competence, inept and usually short-lived regimes that leave his own influence and mystique unchallenged (McCargo 2007: 140).

It is also of interest to note that Prem himself has strong Cold War ties to several leading neo-conservative hawks from the Republican Party such as Paul Wolfowitz who he thanked in the US in 2000 for his role in assisting Thailand after Vietnamese communist troops invaded neighbouring Cambodia in 1979 and threatened to continue their march into Thailand (Crispin 2007). The pro-US Prem has furthermore a strong influence in the military and has for decades dominated promotions and reshuffles with the result that civil-military relations are very unstable and problematic (Ockey 2005). In the end it is also clear that Prem in the weeks leading to the coup met with top brass from the army in full military uniform and repeated that soldiers should be loyal to the King and not the government.

The Crown Property Bureau (CPB) clash with Shin Corp

It remains a puzzle whether there is a connection between the coup against Thaksin and the result of the financial crisis in 1997 where the King’s private wealth which was estimated to be US\$ 1.8 billion. In 1998 it appeared to have evaporated as he had been bumped of the Forbes magazine list, “presumably on account of the effects of Asia’s economic crisis.” (Backman 1999: 249). CPB is owned by the king and the immediate members of the family hold shares in several Thai listed companies. CPB ensures that the Thai royal family remains financially independent of the state. “It

also helped keep the family's assets out of reach of Thai politicians and the military.” (Backman 1999: 249). CPB controls Siam Cement – an emerging industrial conglomerate cum multinational with 69 subsidiaries and 37 associated companies and Dhana Siam Finance; and Securities PLC; and Thai Insurance PLC; Siam Commercial Bank Pcl (SCB); Thailand's third-biggest lender, which is 21 percent owned by the king. A third royal-controlled company, Deves Insurance Pcl is 87 percent owned by CPB.

The financial crash on July 2, 1997 saw the baht plunge to 55 to the U.S. dollar from a rate of 25 to the dollar six months earlier. Half of the loans held by Thai banks defaulted. Hundreds of companies collapsed. The king's companies didn't escape. Siam Cement's debt totaled \$6 billion, \$4.5 billion of it in dollars. It had foreign exchange losses of \$1.5 billion, but Chirayu, the board chairman said in 1998 that it would cut 143 billion baht worth of projects and adopt the king's 'sufficiency economy' approach (Asia Sentinel 2007).

Nonperforming loans at the king's bank, SCB, rose to 40 percent. The CPB saw its income plunge by a reported 75%, and it was forced to borrow about \$200 million from its bankers to support the royal household. (Ellis 2003). SCB was the first lender to accept a government offer to inject 32.5 billion baht in capital in exchange for equity. In the process, CPB's shareholdings in the bank were reduced by half. In 2005, CPB increased its stake by swapping 181 acres of property for SCB shares (Oxford Analytica 09.20.06).

Today King Bhumibol Adulyadej with an official fortune of \$5 billion is the fifth richest among the royals in the world (Pendleton et al. 2007), but as Bachman notes “Crisis or no crisis, the king's private wealth seems to have been wildly underestimated. Real estate investments and massive holdings of Thai blue-chip stocks have underwritten much of the Thai royal family's private riches. The true figure of the family's personal wealth is likely to be closer to US\$ 8 billion (split roughly between Thai blue chips and Bangkok real estate [1999 figures J.D.S.]) (Backman 1999: 249).

Thailand's royals live of the income of the CPB, created in 1936 as the absolute monarchy evolved into a constitutional one. The deal, which gave the bureau about half of downtown Bangkok and vast tracts elsewhere in the country, ensured that the royals would be supported in style without burdening the state. The CPB, and hence the king, is the single biggest landlord in Thailand. They own enormous holdings in most of the provinces ... “ and as much as one quarter of all Bangkok's central business land is in the hands of the bureau..... the bureau is sitting on a land bank in the middle of Bangkok of some 2.5 million square meters” (Backman 1999: 251). A further income of the monarchy comes from donations and the budget allocation from

the government which “makes the majority of the income of the monarchy dependent on the success of the economy in general and of its specific investments in particular” (Ockey 2005: 119). It is furthermore important to note that the majority of the income generated is spend on benevolent royal development and other types of projects which enhance national identity, but these projects are also a mean to influence and enhance the prestige of the monarchy. Handley argues that the royal projects, along with low rents, before the crisis, and media campaigns, were an orchestrated effort by the palace to win political support for the throne. This could be seen from the many villagers who petitioned the king directly to help them (Handley 2006a).

Although the CPB is Thailand's biggest landlord, with 35,000 leases on its books many tenants stayed put before the crisis in 1997 after their leases expired. Others traded CPB plots without approval, fuelling speculation. And rents hadn't been raised for decades. Thailand's police headquarters sits on a prime Bangkok lot, for which it pays about 1,000 baht (\$23) a year. After the financial crisis, CPB raised the rents on properties to levels approaching market value. The CPB's new policy of instituting progressively higher rents across the board has made it unpopular in some quarters, but the agency was out of debt and due to the increase generating about \$50 million a year in income (Oxford Analytica 09.20.06).

But for all its modernization, the CPB remains opaque, its finances known only to the king and a handful of advisors. "We cannot be viewed through a Western prism. We are transparent in our own way—to survive the judgment of the big boss, the king" (Ellis 2003).

Foreign capital sees the CPB and in fact all the symbolism and charisma of the king and the throne as the cornerstone and indeed the precondition of economic growth and safe investment. As Judy Benn, executive director of the American Chamber of Commerce in Thailand says, “the king has been a rock in Thai society” (Mellor 2007). Investors, spooked by the military takeover and junta-appointed interim government, are wading into Thailand and looking for bargains. They’re betting that companies backed by a king who has survived on the throne for 61 years may be among the safest in Thailand, an agricultural and manufacturing country of 65 million that’s the world’s biggest exporter of rice and Southeast Asia’s largest auto assembly hub. After the military coup Chris Baker was quoted: “Bhumibol has re-established the monarchy against all the odds,” and “The Crown Property Bureau is quite simply the biggest corporate group in Thailand” (Oxford Analytica 09.20.06).

Other big capital interests are also very rosy in the way they characterize the importance of the throne: “The crown is the one single unifying force in Thailand,” says Korn Chatikavanij, former chairman in Thailand of JPMorgan Chase & Co., who’s now deputy secretary-general of the Democrat Party, which was the main

opposition group when Thaksin was Prime Minister. And related to the question about succession: “Every change means uncertainty, but the Thai people’s respect for the king transcends the person and reflects a deep, instinctive respect for the institution” (Mellor 2007).

It seems quite evident that questions related to the role of foreign capital and rivalry between domestic capital interest played an important role in terms of the decision of the monarchy network and the king himself to launch the military coup. According to data compiled by Bloomberg, in total, the companies controlled by CPB account for more than 7.5 percent of the market capitalization of the Stock Exchange of Thailand (SET). Before Thaksin and his family owned Shin Corporation sold their biggest holdings to Temasek a state-owned Singaporean company they accounted for as much as 10 percent of the SET.

Thaksin had not only managed to become the richest man in the country but according to Handley and others he very well knew palace weaknesses and that already in 1997 he was aware of the fact that the throne depended on the government to save palace-controlled SCB after the crash (Handley 2006c). This was furthermore exacerbated by Thaksin’s strategic plan to outperform the king as the new charismatic symbol of salvation of the nation and his attempt to acclaim the same prestige and power as the monarch as an enlightened and benevolent leader. The sale of Shin Corporation became the last mistake of Thaksin and in fact it led to his demise.

According to speculation in Thai newspapers it would be the irony of this story if the CPB buys Temasek not least seen in light of the fact that one of the accusations against Thaksin was that he sold national assets to a state-owned Singaporean company which is now ready to sell with a huge loss (Pethanet 2006). The same report mentioned that a handful of Thai companies such as Siam Cement, Charoen Pokphand (CP) and Thai Beverage Plc wanted to buy back the Shin Corp stake. It indicated that the accusations against Thaksin eventually both have a security and a real capital interest issue. The sale itself involved a who’s who as the Nation described it with the biggest political and business names in Thailand and Singapore. The US investment banking firm Goldman Sachs was the adviser of the deal and the CPB owned SCB was very much involved through the Director Peter Seah Lim Huat and Vichit Suraphongchai, the executive chairman of SCB. Siam Commercial Bank alone pocketed about Bt800 million for the advisory deal (Thanong 2006).

Thaksin was accused of selling national assets to Singapore because Shin corporation through its affiliates, controls a mobile phone concession, a satellite concession, a TV concession (formerly owned by the king’s CPB) and aviation rights. To make matters worse he did not pay any tax (Thanong 2006). Most criticism of the deal, however,

centered on the complicated shareholding structure Temasek used to purchase Shin in such a way that it could bypass Thai law on foreign ownership restrictions. An anonymous correspondent at the Asia Sentinel said: “Despite these interlocking interests, public anger was directed solely at Thaksin for “selling off” a valuable Thai national asset to foreigners. SCB and CPB were barely mentioned in the local press, even though they actively helped Temasek allegedly violate the law” (Asia Sentinel 2007). It also has to be taken into consideration that one of the important outcomes of the financial crisis brought a very significant change to the ownership structure of Thai commercial banks. Before they were monopolized by tycoon families and the CPB, but now they have been transferred to foreign shareholders, especially Singaporean financial institutions (Kitti 2006: 17). It means that foreign ownership in itself has become a contested issue not only in the context of the Thai political economy but even more as a sensitive security related issue involving popular sentiment and manipulation from a variety of interests.

These deliberations show that ten years after the financial crash there are still important implications which involve regional players like Singapore and others as well. As a friend of Prem and affiliate with the monarchy network Anand Panyarachun wrote in the Nation a few weeks before the coup “the wellbeing of the people is tantamount to the well-being of the sovereign. The two are inseparable and inter-related.” He furthermore put stress on the concern of the king for the “security and stability of the Thai nation” (Anand 2006). This is not to underestimate the importance of Thaksin’s challenges to the king and CPB. Thaksin became a rival to the palace both in terms of popularity, as benevolent donor of private social welfare, and simply because he was the richest man in Thailand. Not only the monarchy network but intellectuals and union leaders as well (Kasian 2006) considered Thaksin as a more dangerous threat than the communist insurgency in the 1970s and a threat to the image of ‘sufficiency economics’ as well. Ukrist and McCargo’s reading of the situation stems very well with these observations that Prem’s privileged position in Thai society began to decline after Thaksin became Prime Minister. The monarchy network was threatened by the assertiveness of Thaksin’s new political economy network – ideologically, politically and economically (McCargo and Ukrist 2005:chp. 6).

The regional connection

The coup has ramifications for political and social change in Southeast Asia as well. It is a severe setback for Indonesia which became democratic in the wake of the financial crisis in 1997. In particular there are parallels with the so-called soft military coup in the Philippines in 2001 where Joseph Estrada was replaced with Gloria Macapagal-Arroyo. Thailand had not experienced a coup in 15 years, and most observers thought that democracy and stability were inevitable.

Southeast Asia is furthermore considered by many Asia experts to be a key arena of soft power competition between Washington and Beijing. The loss of democratic government as any resulting friction with the United States could be considered an opening for closer Sino-Thai relations. On the other hand, Thaksin was an ardent supporter for establishing a closer economic and political relationship with China (Chanlett-Avery 2006:13) and also became involved in business with Myanmar's military leaders. He was also a great admirer of Malaysia's and Singapore's one-party model and saw Mahathir and Lee Kwan Yew as great statesmen (Pasuk 2004).

The country's institutions remain in an unresolved state of affairs, and the military continues to regard democracy with suspicion (McCargo and Ukrist 2005). The coup is also bad news for Thailand's neighbours, especially Myanmar. Thailand is one of the few countries with real influence over Myanmar's military junta. But the Thai leaders will hardly exert pressure on Myanmar to introduce democracy as they both mutually see the coup as a justification for inaction and the coup lends greater legitimacy to authoritarian regimes. A good illustration came when monks and students went to the streets in Yangon, Prime Minister Surayud Chulanont wrote a letter to General Than Shwe expressing solidarity with him and stressing that he was speaking as one soldier to another. According to Kavi Chongkittavorn from the Nation It "was a shameful gesture from a leader who claims to be democratic. Such hypocrisy at the personal level has further hampered Thai diplomacy on Burma" (Kavi 2007). King Bhumipol has also on earlier occasions expressed his understand and even sympathy of the Burmese dictatorship.

The United States, European Union, Japan, and Australia officially reacted with disappointment to the coup, and each called for a quick return to democracy. None, however, demanded that Thaksin's government be reinstated. China said it was an internal situation and that it would continue to push for closer relations with Thailand regardless of what form the government takes.

What this implies is that there is an external geo-political and geo-economic dimension, regional as well as extra-regional, which has to be taken into consideration.

Chinese influence

Beijing brushed off Thailand's military coup as an internal affair and wished the country "harmony and prosperity". "It's Thailand's own internal affair. The PRC has consistently upheld the principle of non-interference in other countries' internal affairs," the foreign ministry said in a statement posted on its website.

Thai coup leader Gen. Sonthi Boonyaratglin visited Beijing in January 2007 for four days. The Communist People's Daily reported. "The Chinese army would like to promote friendly relations with the Thai army," China is now offering Thailand \$40 million in military aid. There are growing numbers of Thai military officers going to China for training. There are Chinese military officers coming to Thailand offering military education opportunities. The Chinese don't use sanctions to punish non-democratic countries.

The Chinese also put more money on the table than the US had denied Thailand. China announced a special assistance package that included \$49 million worth of military aid and training. Beijing continued with visits to Thailand by several senior Chinese officials, mostly in the military and security fields. State councilor Tang Jiaxuan, a former Chinese foreign minister visited Bangkok after the Chinese New Year. He reaffirmed Beijing's support of the Council for National Security (CNS) although the Chinese leaders probably would have preferred Thaksin.

US endorsement of the coup

That reality hurts the United States far beyond Thailand, Pongsudhirak said to defencenew.com. "This is why the Americans are falling behind. Not just with Thailand but also with Myanmar, Laos, Cambodia, Vietnam, even other ASEAN countries," he said. "China has a lot to offer now. China is embracing ASEAN on a multitude of fronts, not just military, but political, strategic, economic, trade, investment and cultural. And the US has become constrained by all these legalistic, politically correct mechanisms. US foreign policy in Asia has been held hostage by US domestic politics, and sometimes American parochial pressure groups. Many special interest groups opposing a policy can kill it. China is not constrained on this front. At least this is the excuse nowadays while before communism used to be the reason for US support to rightwing dictators."

More than one year after the coup little appears to be out of the ordinary for US-Thai military relations. Although US Ambassador Ralph Boyce was the first foreign diplomat who met with coup leader general Surayud tensions between Bangkok and Washington remain and Beijing may benefit. Despite US suspension of \$24 million in military aid and cancellation of some military education programs various joint US-Thai military exercises appears to be business as usual. US law prohibits Washington from providing military assistance after an elected leader is deposed by a coup but Thailand's military is well connected to US security agencies. In fact, "the United States continues to rely primarily on bilateral security relationships in Southeast Asia" (Simon 2007) and in most cases secret and personalised relations. Although Washington did not condone the coup, those ties have prevented any serious sanctions. The United States maintains a counter-terrorism training center

with Thai security forces; Thailand and the US conduct over 40 joint military exercises a year; including Cobra-Gold, America's largest combined military exercise in Asia; 20,000 soldiers including many of those in top leadership positions have received US training under the International Military Education and Training Program (IMET) which is "designed to enhance the professionalism of foreign militaries as well as improve defence cooperation with the United States, the program is regarded by many as a relative low-cost, highly effective means to achieve US national 'security goals'" (Chanlett-Avery 2006: 10).

Thailand is one of five U.S. treaty allies in Asia and was designated a Major Non-NATO Ally in 2003. Thailand has sent troops to both Afghanistan and Iraq and has aggressively pursued terrorist cells within its borders. In 2006, the U.S. State Department declared, "U.S. government assistance to Thailand enhances U.S. influence in a strategically important region, strengthens Thailand's efforts to combat terrorism, narcotics trafficking and other international crime, and reinforces military cooperation." 36 FMF programs help to boost the counterterrorism capabilities of Thailand's Special Forces units. Thai IMET graduates hold a majority of senior military positions. INCLE activities help Thailand fight corruption in its criminal justice system as well as organized crime in the region. NADR assistance supports Thai police against terrorist activities in majority-Muslim provinces of the south, where a separatist insurgency has claimed the lives of 1,300 Thais since 2004 (Lum 2007).

In the Thai English-language daily the Nation Kavi Chongkittavorn recently noted that, Congressman Mark Steven Kirk from Illinois, a member of the Subcommittee on Asia, the Pacific and the Global Environment created uproar over the Thai political situation. He said the US should not recognise a government that doesn't protect US intellectual property censors its national media and increases brutality. He urged the Bush administration to strip Thailand of its major non-Nato ally status (Kavi 2007b). This stands in sharp contrast to the fact that the military ties between Thailand and the US have remained extraordinary strong. Not only does Thailand still uphold the status as major non-Nato ally, but also played an important role during the first and the second Gulf war. Thai ports and airfields have played a crucial role in maintaining the flow of troops, equipment, and supplies to the wars against Iraq and also troops from the Royal Thai army have been active in the wars in the Middle East (Chanlett-Avery 2006: 8) and this continues to be the case today.

In reality, President George W Bush and senior US envoys in Bangkok see the coup as an opportunity to seize the moment and counterbalance Chinese influence. They clearly signalled to the junta that Washington has scant intention of downgrading bilateral relations. As noted in Asia Times, “Thailand's coup has served US regional interests well” (Crispin 2007). Thailand is Washington's most trusted strategic ally in Southeast Asia, and US officials are leveraging their senior military contacts now in government. While the US maintained ties with Thaksin, particularly through cooperation on counter-terrorism issues, there were strong concerns in Washington that the ethnically Chinese Thaksin was gradually moving Thailand closer to Beijing at the United States' strategic expense (Crispin 2007). Thaksin, a longtime friend of the Bush family, resigned from the board of the Bush senior led Carlisle Fund when he became Prime Minister (Shorrock 2002) but much to the detriment to Thaksin George H. W. Bush senior, paid a personal private visit to His Majesty King Bhumibol Adulyadej after the military takeover. This was widely viewed in Thailand as a symbolic endorsement of the royalist coup. During last November's Asia-Pacific Economic Cooperation meeting in Hanoi, Bush met with Surayud on the sidelines, shook hands with him and conveyed that Washington "understood" the necessity of the military to get rid of Thaksin.

Yet another sign of US knowledge of the military takeover was that the Bush II administration dismissed Thaksin's personal letter in April 2006 (http://www.nationmultimedia.com/2006/07/12/headlines/headlines_30008521.php), where he claimed “anti-democratic” forces were attempting to knock him from power through “extra-constitutional” means. He didn’t realize those anti-democratic were and remain some of the United States' best in-country contacts. It's no surprise when a US diplomat confirms that US-Thai military-to-military relations have remained firmly “on track” despite the symbolic and very piecemeal suspension in aid. Accordingly one long-time Thai observer: “The US is saying to itself: they may be generals, but they're our generals” (Crispin 2007).

Whether it is termed real-politik or hypocrisy the US today supports the junta in Thailand who ousted a twice democratically elected leader but rejects and even boycotts the military regime in Myanmar. It seems that no dictator in Southeast Asia that advertises itself as an ally in the ‘war on terror’ need fear that the US will object to its seizure of power or exercise of statist prerogatives. But “post-democracy in Thailand is, in other words, a process that is part of an ongoing relationship with the development of post-democracy in the United States” (Glassman 2007: 2041). While publicly lamenting Thailand's retreat from democracy, and more recently criticizing protectionist economic policies that threaten certain US business interests, in private US officials have persistently reaffirmed to Thailand's ruling generals Washington's long-term commitment to keeping bilateral ties on track.

For Washington, last year's military takeover has presented a unique opportunity to steal a march from China, which through soft diplomatic and economic power has seen Beijing consolidate strong alliances which in neighbouring Myanmar, Cambodia and Laos but Southeast Asia as a whole (Schmidt 2006). It is therefore no coincidence that Thaksin, spurned by what he perceived to be his former US ally has chosen to launch his anti-junta propaganda campaign, in attempted divide-and-rule fashion, from China and Singapore.

In conclusion we might say that because Thaksin did not have a good relationship with the King he would sooner or later run into trouble especially since he tried to replace those loyal to King Bhumipol in the military with his own people. But it was the King's network – their ideology and political sympathies which determined the situation and this is where the regional dimension and the US-China link enter.

Concluding remarks

It is by nature very difficult to actually prove whether the United States gave the green light to members of the monarchy network or whether even king Bhumipol knew in advance that the US, the EU, Japan and other major powers would not establish a boycott regime or implement sanctions similar to the international isolation of Myanmar. On the other hand as this paper has attempted to pinpoint there is ample evidence showing that it is indeed plausible that the coup makers had received a signal from the White House – a whisper in the ear – that enough was enough with Thaksin who was responsible for a whole range of attacks on the throne and worse he was inclined towards Chinese interests.

Shortly after the coup, Philip Bowring noted in the International Herald Tribune that in 1976 and again in 1991, the military has not specifically acted in the name of King Bhumibol Adulyadej but his consent is generally assumed. That will be interpreted by some as further evidence of his stabilizing influence, saving Thailand from the designs of corrupt politicians and ambitious military men. Others, however, will see it as evidence of the palace's distaste for democracy and its determination to preserve its own influence, rebuilt by the king after a period when it had been sidelined by both democrats and dictators (Bowring 2006b).

In conclusion we might say that because Thaksin tried to provoke the King and became a major competitor economically, politically and not least symbolically at the ideological level he would sooner or later run into trouble.

It is also difficult to give primacy to one explanation and not the other. It seems that the reason why king Bhumipol and the monarchy network decided to oust Thaksin from the Prime Minister's office depended on a number of incidents. It also seems that the informal institutions were not enough and hence the formal power and influence had to be activated. Not only did Thaksin mishandle the situation in the Muslim Southern provinces, and the economy was heading towards shackles, but his economic policy was also an outright provocation to the conservative ideology of the palace. The question about succession is also important but as this paper has suggested the rivalry between US and Chinese influence in the region as such and more importantly in Thai politics also became a factor in the decision to stage a military coup with the support of the monarchy and probably the White House in Washington.

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