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Thailand: No Longer the Land of Smiles?

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SUMMARY

- The recent protests in Thailand represent a move beyond the initial 'colour-coded' tension between the anti-Thaksin People's Alliance for Democracy ('yellow-shirts'), and the pro-Thaksin United Front for Democracy against Dictatorship ('red-shirts'). There is now a sharp divide between the conservative elites who have traditionally governed Thailand and those who view themselves as the underclass.
- Without early elections and genuine political, social and economic reform, it appears likely that political instability in Thailand will remain. This will have repercussions for the economy and the rest of the region.
- The international community may be able to play a role in encouraging the reforms needed to resolve Thailand's political divide, if it can manage the delicate balancing act of maintaining good relations with both sides.
- If the situation continues down the current path, with a unilateral reconciliation process, no fixed date for elections, and little genuine effort to address the grievances of urban and rural poor, there is likely to be a deepened political divide and renewed violence, exacerbated by former prime minister Thaksin Shinawatra's continuing role.

INTRODUCTION

While Thailand's reputation as 'the land of smiles' is a cliché, the recent images of violence and unrest in Bangkok have been a shocking contrast to its reputation as a stable regional travel and business hub.

Bangkok's streets have been cleaned up and normal life has resumed, but political instability is likely to continue in Thailand for some time. The conflict has moved beyond the initial 'colour-coded' tension between anti-Thaksin yellow-shirts and pro-Thaksin red-shirts. There is now a sharp divide between the conservative elites who have traditionally governed Thailand – palace, military, business – and those who view themselves as the underclass.

The recent round of protests in May 2010 were won by the conservative powers, albeit with significant costs in lives and damaged buildings in Bangkok. But the struggle is far from over – rather than capitulating, the protest movement is using the military crackdown and the government's continuing media and political repression to increase its support.

The former prime minister, Thaksin Shinawatra, and his associates played a key role in turning the urban and rural poor in Thailand into a political force. In the build-up to the recent violence, it seemed that the protest movement was progressing beyond Thaksin to emerge as the new face of democracy in Thailand, with the movement developing into an ideological struggle between the traditional elites, fighting to maintain their position and status, and a broader social movement rising from pro-Thaksin groupings. Thaksin, however, did not plan to disappear so quickly. He has continued to play a key role in the protest movement, and by focusing on his own agenda – regaining his assets and political power – has to some extent stymied the protest movement's progress towards more inclusive democracy and greater equality.

But Thaksin cannot carry the full blame for the ongoing instability. By generally dismissing the real issues underlying the protest movement and the need for these to be addressed through genuine reforms, the traditional powers have exacerbated class divisions and provided ample political space for Thaksin and his associates to operate.

The best chance of survival for the conservative elites may be to undertake genuine political, social and economic reforms, including early elections. While the government promised social justice, political reforms and an impartial investigation following the violence, its willingness to use military force, plus its continuing crackdown on media associated with the protest movement and its reluctance to hold early elections, have made these

promises seem hollow. The protest movement has rejected the government's current reconciliation plan as insincere and partisan.

The international community should consider the role it can play in helping to bridge the divide. It may not be possible to act immediately, given the sensitivity and fragility of current dynamics, but key international partners such as the US, EU, UK and Australia should look for future opportunities to persuade Thai leaders of the benefits of reform. Without such reforms, the potential future scenarios are bleak – Thailand's economy and regional status are likely to deteriorate further and the West could lose a once strong and stable ally in the region.

THE DIFFICULT YEARS

Thaksin comes to power

Thaksin Shinawatra, Thailand's former prime minister and the man accused by the Thai government of instigating the current political instability, was first elected as prime minister in 2001 and then again in 2005. As a successful and wealthy businessman before entering politics, his popular support was (and still is) based in the rural northeast, where his 'CEO' management style and willingness to reach out to rural voters through cheap healthcare and loan schemes was widely admired. Rural communities were aware of his alleged corruption, but believed he at least shared some of the gains with them, unlike other Thai politicians.

Thaksin was much less popular in Bangkok – the palace, military and business elites saw him as a threat to their power, and middle-class Thais believed that he was benefiting rural people at their expense. After recurrent allegations of corruption and vote-buying, Sondhi Limthongkul – Thaksin's one-time media business associate turned fierce opponent – started the People's Alliance for Democracy (PAD) group in early 2006. Anti-Thaksin rallies were energized in January 2006 by Thaksin's sale of Shin Corp to Temasek Holdings (the Singapore government's investment company). Thaksin was accused of avoiding tax on the sale (the sale was worth 73.3 bn baht, approximately £1.5 billion) and of selling key national assets, including Thailand's biggest mobile phone company and a satellite company, to a neighbouring rival.

After several months of mass rallies by PAD in Bangkok in early 2006, Thaksin called a snap election in April 2006. The main opposition party (the Democrat Party) boycotted the election, citing concerns about the legitimacy of the election (and perhaps also fearing a likely loss, given Thaksin's strong rural support). The subsequent electoral win by Thaksin's Thai Rak Thai (Thais Love Thais) party was annulled by the Constitutional Court in May 2006, resulting in a political vacuum and a caretaker government (led by Thaksin).

Thaksin is ousted

Following months of swirling rumours, the Thai military seized power in a bloodless coup in September 2006, taking advantage of Thaksin's attendance at the UN General Assembly in New York. Retired General (and Privy

Councillor) Surayud Chulanont was appointed as interim prime minister and promised to hold elections within a year. The coup was believed to have at least the tacit support of the palace and other traditional elites, including the Privy Council, owing to their concerns about Thaksin's continuing popularity.

The military's rule was plagued by criticisms of poor governance and bad economic management. Amid ongoing turmoil, the Constitutional Tribunal dissolved Thaksin's Thai Rak Thai party in May 2007 on the grounds of electoral fraud, and a new constitution was drafted and approved by referendum in August 2007. Thaksin was dissuaded from returning to Thailand after the coup by a suite of corruption and asset concealment cases.

Thaksin's allies come to power

New elections were finally held in December 2007, and were won by a coalition led by Thaksin's new proxy party, the People Power Party (PPP). Samak Sundaravej became prime minister in February 2008. Thaksin felt confident enough to return from exile for several months, but fled again in August 2008 after his wife was found guilty of fraud and court hearings began against him on corruption charges. Thaksin did not return to Thailand again for fear of arrest. After initially finding refuge in the UK he moved from Dubai to Russia to Uganda to Cambodia, undertaking various business deals and soliciting political support. After his Thai diplomatic passport was revoked, he obtained passports from Montenegro and reportedly Nicaragua and Uganda.

In 2008, the battle intensified between the anti-Thaksin PAD (now known as 'yellow-shirts', yellow symbolizing support for the Thai King), and the pro-Thaksin 'red-shirts' (United Front for Democracy against Dictatorship, UDD), with recurrent street protests and clashes. In October, several people were killed and hundreds injured in mass protests, and in late November Bangkok's airport was blockaded for a week by PAD, leaving thousands of foreign visitors stranded.

In what was generally seen as a response to PAD's ongoing protests, and the elites' unhappiness with Thaksin's proxies being in power, the Constitutional Court dismissed Prime Minister Samak in September on the grounds of conflict of interest, for hosting two episodes of his television cooking show while in office. He was briefly replaced by Somchai Wongsawat (Thaksin's brother-in-law), who lasted until December before the Constitutional Court dismissed him and disbanded the governing People Power Party for electoral fraud. The Democrat Party opposition leader, Abhisit Vejjajiva, then manoeuvred a coalition into position and stepped in as prime minister.

Thaksin's allies protest

With its man in power, PAD lost political and financial support (which switched to the new government), and its protests largely subsided. In response, however, the red-shirts' (UDD) campaign picked up pace in the first half of 2009, helped by Thaksin's regular video link-ups with his supporters, Twitter and sms updates, and financial support. The UDD forced the cancellation of the April 2009 ASEAN Summit by storming the Pattaya venue, and around 140 people were injured in subsequent clashes between the military and red-shirts in Bangkok.

In February 2010, the Supreme Court ordered the seizure of 46.37 billion baht (approximately £1 billion) from the 76.6 billion baht (around £1.6 billion) in frozen assets taken from the Shinawatra family, finding that Thaksin had gained this money through abuse of his position as prime minister. While the decision was generally seen as a compromise (many had expected the court to seize all 76.6 billion baht), UDD protests again started in Bangkok in mid-March, demanding Abhisit's resignation and early elections. The UDD set up large camps in the centre of Bangkok with tens of thousands of protesters, paralysing the main business and shopping districts. Around 40 people were killed in clashes and bomb attacks between the military and the UDD, including a failed crackdown by the military on 10 April, which left 25 people dead.

After faltering talks, the government offered a final deal of early elections on 14 November, in return for the end of the protest. The UDD set additional conditions and refused to leave (with Thaksin reportedly intervening to ensure the government's offer was not accepted). The Thai government then withdrew its election offer, and on 14 May the Thai military began forcibly clearing the protest sites. By the end of the week-long operation, more than 40 people had died and hundreds had been injured. Key buildings including a TV station, two banks, one of the main shopping malls and the Thai stock exchange were set alight by protesters. On 19 May, UDD leaders surrendered to the military and told supporters to end the rally. Fires and clashes continued in Bangkok and other Thai provinces for several days, and an overnight curfew was imposed for the following week.

The aftermath

On 21 May, Abhisit announced that the government would implement a five-point reconciliation plan including political reforms, social justice and an impartial investigation into the violence (but with no promise of early

elections). The government set up three committees to develop and implement these reforms with prominent and well-respected heads – the Truth and Reconciliation Committee led by former attorney general Kanit na Nakhon, the National Reform Committee headed by former prime minister Anand Panyarachun, and the Assembly for National Reform, headed by social critic Prawase Wasi. The government also initiated programmes designed to increase popularity with urban and rural poor – including free public transport programmes, a freeze on the price of cooking gas, and a community land title deed programme.

At the same time, however, the government continued to ban several hundred websites, television channels and community radio stations affiliated with the UDD. Large numbers of UDD protesters were held in undisclosed locations following the protests and the Department of Special Investigations (DSI) charged numerous UDD leaders with terrorism offences relating to the protests. The Thai Criminal Court issued an arrest warrant for Thaksin on terrorism charges for fomenting the protests (punishable by death). On 6 July, the government also extended the emergency decree for another three months in 19 provinces in Thailand, including Bangkok. The decree gives the government, military and police wide-ranging powers, including the ability to impose curfews, ban public gatherings of more than five people, censor the media from disseminating critical news, and detain suspects for up to 30 days without charge. In addition, the DSI set up additional teams to investigate and prosecute cases of *lese-majesté* by an alleged anti-monarchy movement including key UDD leaders, members of the Puea Thai opposition party (closely affiliated with the UDD) and community radio hosts.

As discussed further below, the government's reconciliation plan has been largely rejected by both the UDD and Puea Thai as a one-sided and unilateral programme without genuine political commitment. Puea Thai has said it will begin a nine-month political campaign across the country to reach out to constituents and highlight the injustices of the government.

Further complicating the situation, during the protests Abhisit and his government were unexpectedly hit with a Thai Election Commission ruling that the Democrat Party should face charges on two cases of illegal funding dating back to its 2005 election campaign. The cases have now been referred to the Constitutional Court. If either case is upheld by a court, it could result in the dissolution of the Democrat Party and the banning of party executives from politics for five years. The first court hearing was scheduled for 9 August.

AN UNCERTAIN FUTURE

It is still unclear how the protests and violence have affected relative support for the UDD and government in Thailand. Initial indications suggest that events over the first half of 2010 may have merely hardened the positions of the two camps, rather than resulting in a swing in support either way.

Political instability is therefore likely to continue in Thailand for some time yet, unless the government and traditional elites undertake significant reform and hold early elections. The key factors likely to affect future developments include the status of the UDD (and Thaksin's continuing influence on the movement), the role of Abhisit and his government, including the government's reconciliation plan, and the health of the monarchy.

The opposition is factionalized

The future of the UDD is likely to depend on how the tension between Thaksin's continued control over the movement and its broader ideological goals plays out. There is still strong popular support for the UDD and its objectives following its dispersal from Bangkok (and also for the closely affiliated opposition party Puea Thai. Many of the UDD leaders, however, are likely to remain in detention (or in hiding) for some time, and the Thai military is likely to use ongoing emergency decree powers to keep a tight control over future mobilization, particularly in Bangkok.

While the UDD leaders failed in their goal of forcing the dissolution of Parliament in May, the protests were stronger than many predicted. This can be partly attributed to two key developments in the UDD movement in early 2010.

First, the UDD strengthened its network of regional leaders responsible for mobilizing, financing and logistics, especially in Udon Thani and Chiang Mai. This assisted in delivering the numbers of people and support needed for the ongoing protests in Bangkok. Many of these organizers are now in detention or in hiding, so it is likely that operations in the near future will need to focus on local-level activities until capacity is rebuilt.

Secondly, the UDD appeared to become a nascent democracy movement with broader appeal. While Thaksin maintained overall control (and continued to bankroll the movement through wealthy associates), factions within the UDD began developing a stronger ideological framework around themes of democracy, participation, equality and justice. This was highlighted in early 2010, when the UDD held popular protests against powerful Privy Council

members, including Prem Tinsulanonda (often seen as the power behind the throne) and the former interim prime minister Surayud Chulanont, accusing them of corruption. These protests called for greater accountability for members of the traditional elite, and more broadly questioned the political patronage system. While these protests also served Thaksin's interests, many of the participants were protesting on ideological grounds, rather than for Thaksin.

Despite the growing influence of moderate ideological factions within the UDD, Thaksin's ultimate control over the movement was starkly demonstrated by the outcome of the May protests. There are credible reports that moderate UDD leaders wanted to accept the government's offer of November elections and end the protest peacefully, but Thaksin stepped in and pushed hardline UDD factions to reject the government's offer, for fear that the delay would allow the government to strengthen its position at the expense of the UDD and Thaksin. The government, military and palace then decided that the time for negotiations was over and that military operations were needed to clear the protests.

Thaksin was also reportedly behind the more radical violent elements of the UDD, notably the armed black-shirt militias affiliated with renegade generals (the exact relationship between the black-shirts and the broader UDD movement is still unclear). The violence by these radical factions, including the burning and looting of many buildings in Bangkok, risked delegitimizing UDD's status as a democracy movement, although the effect of this may have been neutralized somewhat by the Thai government's own heavy crackdown.

While stepping out from under Thaksin's shadow (and away from the more radical violent factions) would enable the UDD to more legitimately argue for reform in Thailand, this will be difficult. It does not appear that the violence and deaths have had a significant impact on Thaksin's support within the UDD. Even if there was dissent, it would be difficult for the movement to dislodge Thaksin – particularly in the Thai cultural context – given that he is a generous benefactor and patron, and former prime minister.

The government relies on the military and the monarchy

While Prime Minister Abhisit Vejjajiva faces ongoing political tension and fallout from the violence used in the military operations and the ongoing media and political repression, particularly in the difficult-to-control provinces, his principal support base in the conservative military and the palace remains strong. Among analysts, however, there are increasing concerns about his

unwillingness to implement genuine reforms or to relinquish power by calling early elections, and about the overly close networks between his government, the palace and military. Many analysts believe that his reconciliation plan is unlikely to make much progress, and some argue that his position may be irrevocably compromised.

In power since December 2008, Abhisit was initially seen as seeking to govern in a principled way, despite coming to power through appointment rather than election. He tried to reach out to rural voters through programmes such as crop price guarantees and cash handouts, but his inability to genuinely engage regional communities was a significant failing in bridging the political divide. He himself was seen as fairly clean, unusual in Thai politics, but there were claims of corruption within his close network. Abhisit was also criticized for not sufficiently shoring up his own legitimacy, for example by prosecuting the PAD for offences during their 2008 protests or by calling elections in 2009.

Abhisit's continued power depends on his support base in the palace and military. He is likely to survive for now, if only because the palace and military elites believe there is no other viable alternative to lead the government and keep Thaksin out. During the protests and aftermath, there were reportedly no serious threats to his position or government.

Abhisit's position is also strengthened by the fact that the government and its affiliated elites still control all the key institutions, including the judiciary and legislature. The importance of this is highlighted in the contrast between the outcome of the recent unrest, where protesters were dispersed in violent military operations, and the outcome of the PAD airport protests in December 2008. In this case, rather than using military action, Thai courts had responded to the protests by dissolving Thaksin's proxy government, laying the way for Abhisit's administration. The Democrat Party is facing two cases of illegal funding in the Constitutional Court, but it is generally believed unlikely that the conservative-dominated courts will issue an order for the Democrats to be dissolved if they remain in favour with the conservative elites.

The reconciliation process is unlikely to succeed

Abhisit's political position may be fairly secure, but there are significant questions about his ability to ensure long-term stability through resolving the deep divisions within Thai society.

While the government has appointed well-respected leaders and members for the three reform and reconciliation committees and initial meetings that have been held, the prospects for the reconciliation plan are dim. The government's reconciliation initiatives have been largely rejected by the UDD and Puea Thai party as lacking genuine political commitment and legitimacy, and now appear to be a unilateral exercise.

It is difficult to argue against some of the opposition's criticisms. Despite the urgency of reconciliation in Thailand, two of the committees (led by Anand and Prawase) have been given three years to complete their work, with no obligation on future administrations to support the committees or accept their recommendations, allowing reforms to be deferred indefinitely. The accountability committee (led by Kanit) has said it will focus on identifying root causes of the recent violence, rather than identifying those responsible. In addition, the government has continued to crack down against UDD leaders and members, including renewing the emergency decree and continuing the bans on UDD-affiliated media.

The plan also fails to address the protest movement's key demand – early elections. This is a fundamental failing given that free and fair elections are generally seen as a necessary (if not sufficient) condition for reconciliation, to allow those opposing the government to feel that they are able to participate in the political process. The government continues to state that the security situation is not stable enough to allow for elections in the near future.

More fundamentally, UDD supporters do not accept that Abhisit is in a position to talk about reconciliation, given that Abhisit and his government are viewed as having been appointed rather than elected, and were a party to the violence and military crackdown. This exacerbates concerns that Abhisit, his government, and many in the military and palace do not recognize the legitimate grievances underlying the protest movement, instead viewing UDD members merely as Thaksin's paid supporters, and dismissing their demands for genuine reforms as paid stunts. While Thaksin and his associates have played a key role in the UDD, including providing financial support, the unwillingness of the conservative powers to recognize the extent to which perceptions of inequality, injustice and a lack of political power have boosted support for Thaksin and the UDD appears dangerously short-sighted.

The health of the monarchy

The deep reverence in which Thais hold their King is well known. His position as father of the nation and high moral authority have been partly fostered by

the palace, and are also partly due to the long-standing rural and community development programmes instigated by the King and other members of the royal family.

In previous times of conflict in Thailand, the King has played an important role in resolving the unrest by publicly calling the parties together to reach a compromise. The King's engagement in the current political instability, however, has been limited, even though the conflict reaches back more than four years. This is partly because of his age – he is 82 years old and in poor health – but also stems from the difficulty of reaching consensus in the current political climate, particularly since the monarchy is at the centre of the traditional elite system that the UDD are challenging.

As a new political movement that does not strongly identify with the monarchy, the UDD's development into a broader social mobilization represents a significant threat to the establishment. While many individual UDD members still revere the King, they want changes in political and social structures that have developed around the monarchy.

Apart from causing social, political and economic reverberations in Thailand, any risk to the King's health is likely to impact on the monarchy's strength as an institution. Many Thais do not view the official heir, Prince Maha Vajiralongkorn, favourably. It is possible that the elites' lack of willingness to compromise with the UDD at least partly stems from a need to consolidate their position before the question of succession arises, as the new king is unlikely to command the same respect and reverence.

The economic impact

If there is no resurgence in violence, it is possible that the Thai economy will recover reasonably quickly from the protests, albeit below its full potential. In early July, Abhisit predicted a 6 per cent growth rate in GDP for Thailand in 2010 if political stability was maintained, higher than initial predicted rate of 4.5 per cent.

Immediately following the violence, Thai Finance Minister Korn Chatikavanij estimated the Thai economy lost US\$3 billion during the protests. Shops, banks and businesses were shut in large parts of Bangkok's centre, public transport was limited and key buildings were set alight, with some destroyed. Tourism – which accounts for 6 per cent of GDP and employs 15 per cent of the workforce – was badly affected and is one key sector that might not

recover fully until the end of the year. Hotel occupancy rates fell to 34.9 per cent in May, and the number of foreign tourist arrivals in Thailand decreased by 11.8 per cent year-on-year.

The reasonably quick economic recovery, however, follows the pattern of previous protests. The Thai economy experienced four quarters of economic contraction (from the fourth quarter of 2008) following PAD's airport protests in November 2008 and UDD's violent protests at the Pattaya ASEAN Summit and in Bangkok in April 2009. This, however, also coincided with the global financial crisis – as a low-wage economy, Thailand is reliant on exports, particularly to the US, Japan and Europe, and so was hit hard by the decrease in external demand. In the fourth quarter of 2009, economic growth returned to 5.5 per cent year-on-year.

Economic analysts have also noted that investment has tended to be fairly resilient in response to previous protests, as investors in Thailand are generally aware of the risk of political unrest, and tend to be more concerned about issues such as lack of clarity in regulation and bureaucratic impediments. It is possible, however, that potential new investors are now looking more closely at other alternatives in the region, such as Vietnam.

The real economic cost of the ongoing political problems may instead be the missed opportunity to undertake the economic reforms necessary to enable Thailand to operate at its full economic potential. Economic analysts argue that Thailand should move up the value chain and rely more on domestic demand, with higher wages, higher input cost manufacturing and trade liberalization to stimulate a competitive consumer market. Such economic reforms, however, require a strong government with political capital, and have not been possible over the past few years, given the inward focus of politics and the high turnover of political parties and leaders.

The regional impact

Thailand's political troubles have directly affected the region, through the ongoing spats with Cambodian Prime Minister Hun Sen, and the aborted ASEAN Summit in April 2009.

Of much greater concern, however, is the loss of Thailand's role as a regional leader. ASEAN is now fairly dormant and lacks leadership. Once a prominent and progressive member of ASEAN, Thailand had the potential to lead ASEAN and make it a more dynamic and effective regional body. As it is a long-term ally of the West, with democratic institutions, this could have

resulted in stronger ASEAN-Western ties. On its part, ASEAN's overall response to the violence has been muted, partly owing to a long-standing principle of non-intervention in each other's domestic affairs. ASEAN Secretary General, Surin Pitsuwan, also has long-standing ties to the Democrat Party, and was a former foreign minister under a Democrat Party administration.

Some analysts have argued that since Thailand represents a 'regional model' of participatory democracy in Southeast Asia, Thailand's ongoing political unrest has weakened the ascendancy of democracy in the region as a system that promotes stability and prosperity (and also tends to result in Western-friendly leaders). For ASEAN members such as Laos and Vietnam, the instability and violence have demonstrated the flaws in a democratic system and made the Chinese model of state capitalism more attractive, strengthening the case of those arguing against opening up the political system. Only Indonesia remains a strong supporter of democracy in the region.

In addition, the ongoing unrest, high turnover of political leaders and concerns about human rights have made it more difficult for Western countries to sustain a stable relationship with Thailand. While it is difficult to assess the causal factors, this may have increased China's leverage in Thailand at the expense of the West – China is a major trading and economic partner and an emerging defence partner. This is supported to some extent by trade statistics. From 2005 to 2009, Thailand's trade with China increased significantly, while trade with the US, EU, UK and Australia stayed fairly stable (with the exception of exports to Australia), as demonstrated in Table 1.

Table 1: Thailand Imports and Exports

	2005		2009	
	US \$ mn			
	Exports	Imports	Exports	Imports
China	9105.15	11153.3	16076.2	17161.1
US	16949.7	8723.55	16630.6	8501.9
EU	14954.5	10781.4	17922.3	12203.2
UK	2784.5	1280.52	3227.6	1782.1
Australia	3151.27	3254.86	8544.5	3815.2

Source: IMF, Direction of Trade Statistics, July 2010

The international community

With Thailand's economic and regional position at risk, it is in the interests of the international community, and particularly key allies such as the US, EU, UK and Australia, to look for opportunities to persuade the government, palace and military that genuine political, social and economic reform is vital in stabilizing the situation. Prime Minister Abhisit, educated at Oxford University, has an international outlook and is fairly keen to maintain good ties with Western countries. There are also strong ties between the militaries – many Thai officers have trained with the US, UK and Australian forces.

The political space in which the international community can operate, however, is very limited; the Thai government is very sensitive about external intervention and any perceived threats to its sovereignty. This sensitivity has been heightened by the UDD's and Thaksin's efforts to draw international attention to the situation. In the lead-up to, during and following the recent protests, the government stated very clearly that the conflict was internal and firmly rebuffed all offers of assistance.

The high levels of suspicion also mean that meetings with one side can be seen as duplicitous by the other side. Both sides are also likely to use any offers of assistance for political advantage – for example, the UDD may claim that offers of help demonstrate that the international community views the current government as undemocratic.

In terms of specific potential players, the Thai government is very unlikely to accept the UN's involvement. This would be seen as unwelcome interference and a clear threat to Thai sovereignty, particularly since the government has already set up its own reconciliation process.

The US, EU, UK, and Australia may be able to play a role in encouraging the reforms needed to resolve the political divide, if they can manage the difficult and delicate balancing act of maintaining good relations on both sides. On the government's side, moving forward would involve encouraging them to lift the emergency decree, calling elections as soon as possible, and implementing key political, social and economic reforms. For the UDD, it would involve convincing the broader movement to shift away from the radical factions and violent tactics.

Given the current inflamed dynamics, it may be necessary to wait three to six months to assess how the current situation plays out, and then consider potential opportunities for engagement. If there is renewed conflict or political tensions remain high, it may be too sensitive for the international community to engage. If the situation begins to stabilize, the international community

could look for opportunities to engage with moderate voices and to highlight the disadvantages of not implementing genuine reform, such as the continuing negative impact on tourism and investment. Offers of assistance would need to be constructed very carefully as behind-the-scenes technical assistance (for example, welfare reform assistance and judicial training) – high-level public offers of help would not be welcome.

The task will be far from easy for the international community, given the entrenched interests on both sides and Thaksin's continuing provocations, but given the likelihood of further instability and division within a once-strong partner in the region, the risks and difficulties may be worth tackling.

Conclusion

The current forecast for Thailand appears fairly bleak – it is likely that there will be continuing instability, with periodic spikes of intense unrest and violence. How the situation can be resolved is also unclear. At this stage, there appears to be a deadlock – the traditional elites won the recent round and appear determined to hold onto power, but the UDD and Thaksin are not likely to give in. The question of succession and the role of the monarchy heighten the uncertainties.

If the situation continues down the current path, with a unilateral reconciliation process, no fixed date for elections, and little genuine effort to address the grievances of urban and rural poor, there is likely to be a deepened political divide and renewed violence, exacerbated by Thaksin's influence. As the government is likely to quickly repress any future protests in Bangkok, owing to concerns about another long-running and costly stand-off in the Thai capital, it is possible that protests and violence will increasingly emerge in regional areas. Long delays in the elections may also strengthen the hand of the more radical and violent factions within the UDD, quickening and worsening the cycles of violence.

Unfortunately, even if Abhisit does decide to call elections before the end of 2010, without the necessary reforms, this may not spell the end of political trouble. While it would help to resolve the grievances of UDD supporters and move towards reconciliation, it is likely that elections would result in the victory of another party supported by Thaksin, given his continuing popularity in rural areas, particularly in the north and northeast of Thailand. If the conservative elites were not prepared to accept this result and recognize the legitimacy of the elected government, it is likely that the whole cycle would start again.

These pessimistic scenarios paint an unfortunately gloomy picture of the way ahead for Thailand. Thus far, the Thai people and economy have displayed a remarkable capacity to pull through each cycle of violence, including PAD's blockade at the airport, the UDD protest mobs at the ASEAN summit and, most recently, smoke rising above Bangkok and soldiers moving through the streets. If there are no genuine efforts by both sides to bridge the divide, however, the likelihood of continuing conflict and instability may sorely test Thailand's ability to maintain a smiling face to the world in the years to come.

ABOUT THE AUTHOR

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