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NAVAL POSTGRADUATE SCHOOL Monterey, California



THESIS

**EFFECTS OF GLOBAL ECONOMIC CONDITIONS ON
THE THAI MILITARY FUNCTIONS (1980s to Present)**

by

Palagorn Sankaewthong

March 2002

Thesis Advisor:

Thomas C. Bruneau

Second Reader:

Robert E. Looney

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**EFFECTS OF GLOBAL ECONOMIC CONDITIONS ON THE THAI MILITARY
FUNCTIONS (1980S TO PRESENT)**

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Captain, Royal Thai Army
B.S., Chulachomkhalo Royal Military Academy, 1995

Submitted in partial fulfillment of the
requirements for the degree of

**MASTER OF ARTS IN INTERNATIONAL SECURITY AND CIVIL-MILITARY
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ABSTRACT

This thesis analyzes the effects of global economic conditions on Thailand's military functions from the 1980s to present. The theoretical model is based on Garrette and Lange's framework (1996) of the change of economic conditions on domestic politics. The thesis has found that Thailand's economic integration into the international economy does not directly affect its military's functions. Nevertheless, the export-led growth strategy for the economic growth since the 1980s has created a middle class and resulted in a shift of political power among domestic actors from the military to the private sector. The role of the middle class in limiting the military's role in the political arena has been evident since the people's protest in 1992. According to the change in power of domestic actors, the thesis concludes that the Thai military's functions in the near future will be less aggressive and involve more compromise with elected politicians. Additionally, the military will readjust its role and mission in Thai society in order to maintain its prerogative. In the author's point of view, if and only if both serious political instability and a collapse of the Thai market economy are uncontrollable by the existing government, then the Thai people shall demand the Thai military to directly intervene.

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EXECUTIVE SUMMARY

Since the coup in 1932, the role of the Thai military was deeply rooted in the political arena. Additionally, without public involvement, political rivalries in Thailand had been in the hands of the military and business elites. Economic growth, since the 1980s, has created the new middle class with involvement in the political arena resulting in the shift of power to the private sector. This shift of domestic power further limits the political role of the Thai military. However, the prerogatives of the Thai military are not diminished from Thai society. Therefore, when the country was confronted with a national crisis, people still thought about military stabilization.

In order to consolidate democracy in Thailand and to stop the return of the Thai Armed Forces into the political arena, economic prosperity, political stability, and public education are the key factors. These factors will cause the reformation of the military institution from its prior roles to the role of real professional soldiers. The economic prosperity has given rise to the Thai middle class. Their roles are influencing the new political structure of Thailand. In short, the contemporary role of the Thai military in Thailand's domestic politics will be less aggressive and more compromise with the elected politicians.

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I. INTRODUCTION AND THEORETICAL FRAMEWORK

A coup is an outdated action. The military will not do things not acceptable to the people and world community.¹

*--General Chetha Thanajaro
Army Commander in Chief
August 7, 1997*

In 1932, Thailand's political system was changed by the coup from an absolute monarchy to a constitutional monarchy. The June 1932 coup was carried out by a military and civilian group, namely the People's party. It consisted of 37 military officers and 24 civilians. Without the support from the people at large, the coup only brought about a shift of power within the urban-based elite groups.² This shift led to the struggle between military and civilian elites for the political power. For sixty years since the 1932 coup, there have been 19 coup attempts to overthrow the governments. Thirteen of them were successful. During this period, 24 governments were formed. Eight governments were headed by military leaders, and 16 by civilians. Fifteen constitutions have been promulgated, and 18 elections have taken place.³ Military domination in the Thai politics was deeply rooted since the change of political system in 1932.

The last successful coup in Thailand, before the end of the twentieth century, occurred in February 1991. The military ousted the elected government and formed the interim government consisting of widely accepted civilians. Intended to consolidate the power by the military leader shadowing the interim government, this caused the demonstration by people in 1992. After the violent protest mainly by the middle class, the military stepped down. The new elected civilian government drafted a new Constitution, in order to prevent another coup. This constitution was ratified in October 1997. It is the first civilian-written constitution, and initiates a new era of Thailand's democratic

¹ "Chavalit scoffs at talk of coup and his capture," Bangkok Post, August 7, 1997.

² Samudavanija, Chai-Anan, The Thai Young Turks (Singapore: Institute of Southeast Asian Studies, 1982), 6.

³ Neher, Clark D., "Political Succession in Thailand," Asian Survey, Vol. XXXII, N0. 7, July 1992, 586.

system. The Constitution makes the military coup illegal by no longer accepting an appointed-prime minister. However, it turned out that, the Constitution is not the only factor for the consolidation of democratic system in Thailand. Many other factors are needed for both the consolidation of a democratic system and prevention of another coup.

When the Asian economic crisis occurred in 1997, many sources claimed that the armed forces might try to come back to stabilize the country. That time, senior military officers had assured the public that the military would not intervene. Their consensus was that the coup would make the crisis worsen. The perspective of Thai Armed Forces in 1997 represented their concern for economic issues. Economics seems to be another influential factor on Thailand's political system, which had been dominated by the military for a very long time.

In the past decades, the shifting of political power in Thailand occurred among the elites. The military coups were the main mechanisms that brought the oppositions down. However, since the international trade is widely accepted as the mechanism for prosperity in Thailand, new powerful social groups have emerged. Moreover, after the economy had reached a certain level, these groups began to participate in the political arena and directly affect the traditional institutions. Some academic scholars have stated that a common denominator among causes of coups is poverty, and coups are almost nonexistent in developed countries.⁴ This thesis proposes that since the opening of the country to international market, the 1991 coup in Thailand occurred because of the military concerned about the instability of the country, caused by the frequent shifting of power among domestic groups, and the political games played by the new socio-economic groups.

Adam Przeworski argued that economic development under a weakened democracy might cause political destabilization, and is most likely to result in an authoritarian system.⁵ Nevertheless, he stated that economic reforms are not necessary better accomplished under the dictatorship than under the democratic system. However, Przeworski did not give the reason why coups had happened during economic growth

⁴ Londregan, John B. and Poole, Keith T., "Poverty, The Coup Trap, and The Seizure of Executive Power," *World Politics*, January 1990, 151.

⁵ Przeworski, Adam, *Democracy and the market* (New York : Cambridge University Press, 1999), 187.

periods in some countries. Another scholar, Kevin Hewison observed that the economic growth always results in the emerging of businessmen and capitalists, who become the challengers of the existing state. The conservatives, the old order and traditional institutions, are the groups protecting the state and traditional values from these emerging groups.⁶ Suchit Bunbongarn agreed that the economic development is a precondition of political liberalization and democratization. He further states that economic development also results in the emerging of middle class, professional groups, and civil societies, which are needed for the consolidation of democracy.⁷ According to these scholars, democracy and market economy are the mutual supporting factors. Economic development gives the rise of the middle class and civil societies that lead to the change of political system.

Since the integration into the global economy from the mid-1980s, Thailand has focused more and more on the liberation of the economy. From the author's point of view, the global economic integration and the liberalization of country's economic policy will limit the military's power in the political arena. Two obvious examples are the military's withdrawal from power after the successful coup in 1991, and the refusal of the military leaders to intervene in the existing government during the economic crisis in 1997. The country integration to international economy is also an important factor for the reformation of traditional institutions.

The 1991 and 1997 events are the focuses of this thesis. That is, how has the international economy affected the role of Thailand's military institution in the political arena? The answer to this will facilitate a broader understanding of the economic impact on the military functions, and the future relationship between civilians and the military in the Thai society. In searching for the answer, this research focuses on the military coup in 1991, the military's withdrawal from political arena a year after 1991 coup, and the military's refusal to intervene the existing government during 1997 economic crisis.

⁶ Hewison, Kevin, "Of regime, state and pluralities: Thai politics enters the 1990s," South East Asia in the 1990s: Authoritarianism, democracy and capitalism, eds., Hewison, Kevin and Garry, Rodan (Allen & Unwin Pty Ltd: Australia, 1993), 182-183.

⁷ Bunbongkarn, Suchit, "Thailand: Democracy Under Siege," Driven by Growth: Political Change in the Asia-Pacific Region ed., Morley James (M. E. Sharpe Inc.: New York, 1999), 161. (Suchit published various articles regarding civil-military relations in Thailand. He was also among the first academicians who had studied this issue)

The first chapter of this thesis describes some theories of international economy and domestic politics. The second chapter outlines the statistical data on Thailand's economic integration with the international economy. It also addresses the impact of economic integration on the military functions by using the 1991 military coup as a case study. The third chapter discusses the military's role during economic crisis. The fourth chapter analyzes the military reformation after 1992 withdrawal, and the future civil-military relationship in the Thai society. The conclusion and recommendations for further studies will be covered in the last chapter.

A. METHODOLOGY

This thesis uses a comparative method to support the arguments and to answer the questions. It will mainly focus on a domestic level of analysis, but also try to cover an international level. The primary sources consist of official documents and influential Thai and international newspapers. The secondary sources are books and articles from libraries, official websites, and professional journals.

B. HYPOTHESIS

The hypothesis is that the integration of the Thai economy at the international level affects the role of Thai Armed Forces in the political arena. The contemporarily rapid change of the world economy also causes the Thai military to reform itself. Because there are many more domestic actors involved in the Thai politics, the role of Thai military is bound to change to a new direction in which the relationship between the military and civilian sectors will be the focus in the near future.

Dependent and Independent Variable

According to the above hypothesis, the independent variables are proportional levels of integration for international trade and foreign investment in national economy. If the value is higher, the influence of the international economy on domestic institutions is greater. Dependent variables are domestic actors, especially the military, which is the focus of this thesis.

Liberalization favors institutional reform⁸ and economic success contributes to the demise of authoritarianism.⁹ If the hypothesis is correct, economic integration affects military functions. The strong force of the international economy restricts the role of a traditional institution. The resistances for change such as from the military may occur; however, it will pay such a high cost rather than to concede the institutional reform.

I believe this thesis will help us to understand the characteristics of the Thai military's functions in the future. The economy, the external force, might be more powerful in shaping a domestic institution. The institutional reform, especially, in the Thai military, might have both positive and negative outcomes. From my point of view, the optimal outcomes should be the prosperity of the country rather than the collapse of the domestic system.

C. THEORETICAL FRAMEWORK

The theoretical framework deals with the impact of the international economy on domestic politics. The purpose of this section is to develop the theoretical framework for this research. The framework proposed by Garrette and Lange (1996), therefore, will be used in the next two chapters to study the effect of international economy on the role of the Thai military in the political arena.

The theory of the relations between a state and market has three basic traditional paradigms: Liberalism, Realism, and Marxism. Liberals assert that national wealth increases by the state allowing free exchange among individuals in both domestic and international economies. They also believe in limiting the role of the government in economic issues. Government interventions restrict the market autonomy. The proper role of government is to provide the necessary foundations of the market such as education, security, infrastructures and common currency. Government in the liberal's point of view is a marketplace, where politicians compete among each other for the privilege of holding office. Individuals and groups compete with each other to get support for their preferred

⁸ Frieden, Jeffrey A. and Rogowski, Ronald, Internationalization and Domestic Politics, eds., Keohane, Robert O. and Milner, Helen V. (New York: Cambridge University Press, 1996), 43.

⁹ Haggard, Stephan and Kaufman, Robert R., The Political Economy of Democratic Transitions (Princeton University Press: New Jersey, 1995), 25.

policies.¹⁰ Liberals believe in the harmony of interests in free societies and economies. Therefore, from a liberal's perspective, a suitable economic form is capitalism while, in a political institution, it should be a democracy.

The challenge for liberalism is Marxism. Marxist theory heads in a different direction than liberalism. Marxism does not believe in political and economic autonomy. Marx stated that the world is the struggle for classes not individuals. Therefore, economy is the basic interest of every class with individuals representing their class interest. Marxists see political economy as necessarily conflictual. According to the Marxists, the economic form should be market socialism and the political structure should be a democratic dictatorship. Subsequent to the end of the Cold War, market liberalism seems to have won in the economic arena. Capitalism works in a market economy; whereas, Marxist ideology is probably suitable only in an ideal world.

The last main theory in studying a political economy is Realism. Realists mainly focus on world politics rather than the global economy. Additionally, economic policies come from a political decision in a state.¹¹ Realists argue that human nature never changes and the world of conflicts and wars happened and will continue to happen in the future. The way to prevent war is to balance power among nation-states, especially military power. One form of balance of power is military alliances. Political nationalism and trade protectionism are the forms of politics and economics in the Realists' point of view.

As the world becomes more integrated, domestic politics cannot be appreciated without understanding the relationship between the world economy and national economics.¹² According to the above paradigms, I would like to propose the liberals' argument in the relationship between international economy and domestic politics in this thesis. Because individuals are rational actors, they will calculate the cost and benefit of their actions. They will also alter the traditional way they behave, if a change results in

¹⁰ Frieden Jeffrey A. and Lake, David A., "International Politics and International economics," Goddard et al, eds., 26-28.

¹¹ Ibid, 29-31.

¹² Keohane Robert O. and Milner, Helen V., Internationalization and Domestic Politics (New York: Cambridge University Press, 1996), 1.

more benefit. According to economic effects, traditional domestic politics or institutions will be shaped in order to accommodate the market.

An economy can be defined in various terms. This thesis will focus only on terms of the levels of economic interdependence among countries. The term “economic integration” as used in this thesis refers to the processes generated by underlying shifts in transaction costs that produce observable flows of goods, services, and capital. It will be measured by such indicators as changes in trade as a proportion of the gross domestic product (GDP) or the ratio of a country’s net foreign investment to its total domestic assets. Different levels of integration into world markets may influence the character of national political institutions.¹³

Military and economy appear to be separated; however, they are in fact very related. Edward Mead Earle believes that the relationship between economics and security "is one of the most critical and absorbing problems of statesmanship."¹⁴ Some argue that increasing integration into the international economy might lead to the further erosion of state power.¹⁵ Although there was no conclusion about this issue, the study of this thesis should support the argument that the international economy can erode the state power especially in the authoritarian state.

The theoretical framework of relations between the international economy and domestic politics for this thesis shows in Figure 1. This thesis focuses on the first and second stages in the chart. These stages are an integration period of a national economy with the world market and the change in the preferences and the power of domestic actors. As this thesis concerns the military institution, it considers the military as one of the domestic actors in the first phase. From this framework, the shift of power of the domestic actors lead to the political and policy change in the next stages.

The framework supports the hypothesis of the effect of the international economy on domestic politics. In the case study of Thailand, the impact of the international economy on the domestic actors leads to the appreciation of liberalizing the economy. It

¹³ Ibid, 4, 8.

¹⁴ Mastanduno, Michale, “Economics and Security in Statecraft and Scholarship,” International Organization (Autumn 1998), 825. (cited in Earle, 1943, 117)

¹⁵ Desch, Michael C., “War and strong states, peace and weak states?,” International Organization (Spring 1996), 255.

causes the change in power among domestic actors. This also results in the resistance from the traditional institutions especially the military. Nevertheless, economic force now gains more support. It will lead to the beginning of the traditional reform. The next chapter provides a theoretical framework to support the hypothesis in studying the impact of economic integration on Thailand's military functions.

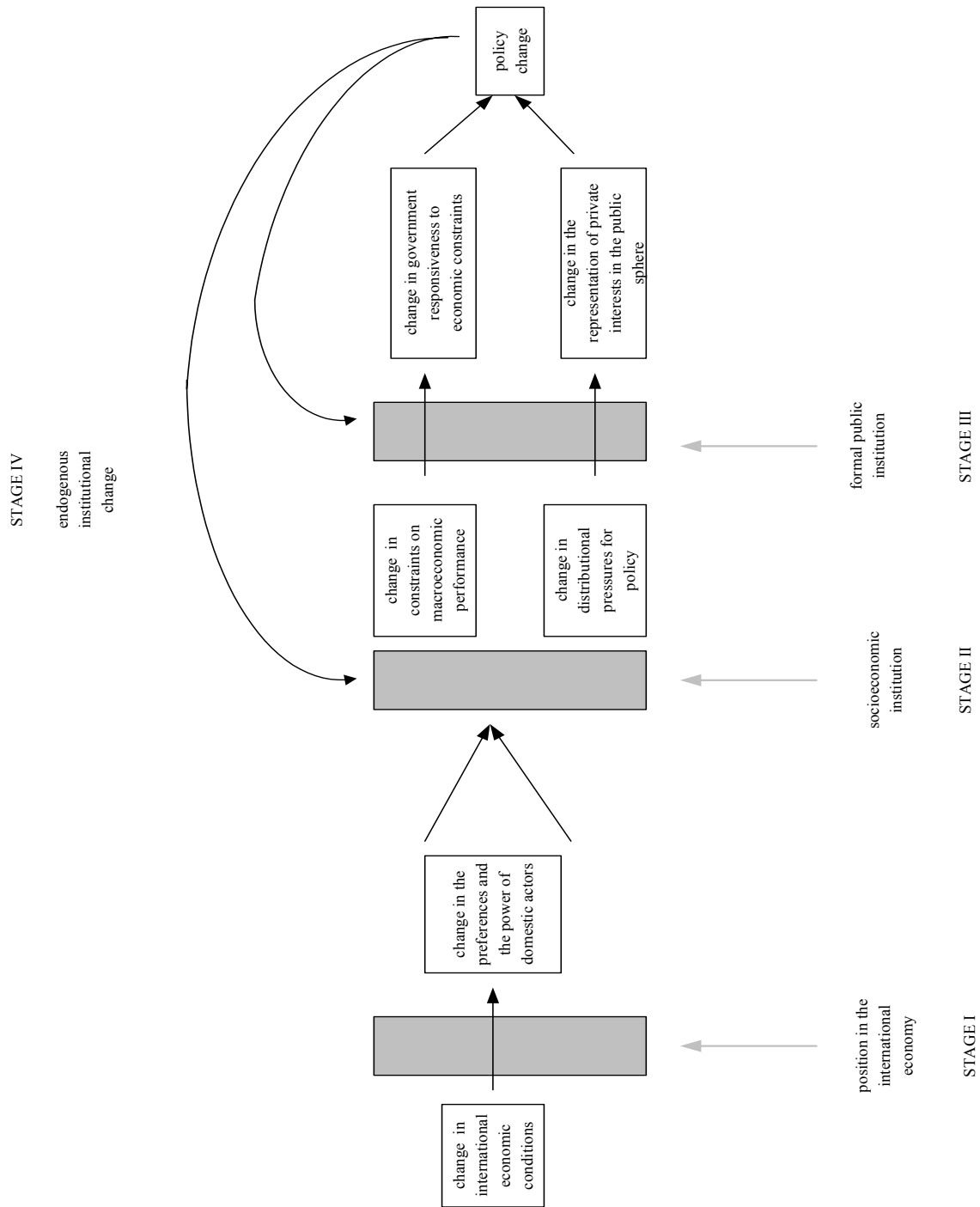


Figure 1. The international economy, domestic institutions and political change¹⁶

¹⁶ Garrett, Geoffrey and Lange, Peter, "Internationalization, Institutions and Political Change," Internationalization and Domestic Politics, eds., Keohane, Robert O and Milner, Helen V. (New York: Cambridge University Press, 1996), 50.

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II. THAILAND'S INTEGRATION INTO THE INTERNATIONAL ECONOMY AND THE COUP OF 1991

This chapter provides data and an overview of Thailand's economy. Data concerns the economic integration of Thailand into the world economy. The chapter addresses the structure of Thailand's national economy in the international economy. Additionally, the chapter analyzes the effect of the global economic integration on Thailand's military institution by studying the military coup in 1991 and the military's withdrawal from power in 1992.

Thailand started the first economic plan in 1961. During the two decades of the 1960s and 1970s under the military government, the economic development plan encouraged foreign investment, and developed economic infrastructures and education reform. The strategy of export-led growth in the 1980s also has strengthened Thailand's economic integration. In 1988, Thailand achieved a double-digit growth rate for the first time,¹⁷ creating the hope of becoming a Newly Industrializing Country (NIC). As a result of the economic growth, Thailand's national economy has been integrated into the world market.

A. ECONOMIC POLICIES OF THAILAND

Thailand practices an economic liberalism policy, which exposes it to trade in goods and services, Foreign Direct Investment (FDI), and capital and labor flows. It has both bilateral and multilateral trade agreements. For example, Thailand became a member of the Association of South East Asian Nations (ASEAN) in 1967, the Asia-Pacific Economic Cooperation (APEC) in 1989, and the 59th member of the World Trade Organization (WTO) in 1994. It has a bilateral trade agreement with 32 countries, especially a treaty of Amity and Economic Relations with the United States.¹⁸

Regional economic integration is important to Thailand's economic strategy. In 1992, ASEAN signed agreements, creating the ASEAN Free Trade Area (AFTA). Each

¹⁷ Bunbongkarn, Suchit, "Thailand: Democracy Under Siege," Driven by Growth: Political Change in the Asia-Pacific Region ed., Morley, James W. (M. E. Sharpe Inc.: New York, 1999), 162-3.

¹⁸ Department of Export Promotion, Available [Online]: <<http://www.thaitrade.com/intertra.htm>> [November 15, 2001].

country is committed to achieving a minimum of 85% of the Inclusion List by 2000, 90% by 2001, and 100% by 2002 with tariffs of 0-5%. The goal of APEC is also to achieve trade and investment liberalization by 2020 despite economic downturn since 1997.¹⁹ Regional economic cooperation is related to the Third World's development strategy.²⁰ Thailand, therefore, focuses on economic cooperation with other countries in the region and the world. It also prepares the infrastructures to support economic integration, such as transportation, communication, and, especially, human resources.

Thailand uses the Board of Investment (BOI) to manage capital flow into the Kingdom together with the National Economic and Social Development Board (NESDB) in drawing a five-year economic plan.²¹ Both of these institutions have been established since 1958. The BOI uses various policies to promote private investment in accelerating economic growth. Meanwhile, the NESDB is the government's main economic planning agency in which its economic planning is a commitment to a market economy.²² According to economic policies, Thailand has become a capitalist country in which its economy relies on trade, investment, and labor flows.

B. ECONOMIC INDICATORS

This section provides statistical data on Thailand's economic integration into the world economy, private sector development, Thailand's Gross Domestic Product (GDP) by industrial origin, and capital flow of the private sector and investment levels. The following tables will demonstrate the importance of the international market on the Thai economy.

¹⁹ World Trade Organization, Trade Policy Review, (Bernan Associates: MD, 2000), 148.

²⁰ Brooks, Stephen G., Regional Economic Integration in the Developing World: Historical Trends and Future Viability (Final Report, Naval Postgraduate School, 1994), 1-3.

²¹ Pongpaichit, Pasuk, and Baker, Chris, Thailand: Economy and Politics (Oxford University Press: New York, 1995), 128.

²² Warr, Peter G. and Nidhiprabha, Bhanupong, Thailand's Macroeconomic Miracle (Oxford University Press: Malaysia, 1996), 69-70, 79-80.

Table 1. Thailand and Other Countries' Integration into the Global Economy²³

Country	Trade in goods*				Gross private capital flows*		Gross foreign direct investment*	
	%of PPP GDP		%of goods GDP					
Year	1989	1999	1989	1999	1989	1999	1989	1999
Thailand	23.9	29.4	123.6	171.2	3.8	4.9	1.0	1.8
Malaysia	59.3	80.2	211.4	333.7	4.2	7.1	2.1	0.8
Indonesia	12.1	12.3	63.4	81.3	0.4	2.4	0.2	0.9
South Korea	35.7	35.9	108.3	136.3	3.3	9.1	0.5	2.1
Turkey	11.1	16.2	47.4	76.3	1.6	3.7	0.3	0.3
Hungary	18.2	46.1	98.8	214.8	0.4	10.3	0.0	2.0
Poland	11.5	22.4	70.7	99.5	2.9	5.4	0.0	2.6
Ghana	11.3	15.1	66.4	112.6	0.5	0.8	0.1	0.0
Mexico	14.1	35.6	75.8	151.4	1.4	4.5	0.6	1.5

* **Trade in goods as a share of PPP GDP** is the sum of merchandise exports and imports measured in current U.S. dollars divided by the value of GDP converted to international dollars using the purchasing power parity rate.

* **Trade in goods as a share of goods GDP** is the sum of merchandise exports and imports divided by the value of GDP after subtracting value added from services, all in current U.S. dollar.

* **Gross private capital flows** are the sum of the absolute values of direct, portfolio, and other investment inflows and outflows recorded in the balance of payments financial account, excluding changes in the assets and liabilities of monetary authorities and general government. The indicator is calculated as a ratio to GDP converted to international dollars using purchasing power parity rates.

* **Gross foreign direct investment** is the sum of the absolute values of inflows and outflows of foreign direct investment recorded in the balance of payments financial account. It includes equity capital, and short-term capital. This indicator differs from the standard measure of foreign direct investment, which captures only inward investment. The indicator is calculated as a ratio to GDP converted to international dollars using purchasing power parity rates.

²³ "World Development Indicator," Available [Online]: <<http://www.worldbank.org>> [November 15, 2001].

Table 2. Private Sector Development²⁴

Country	Private fixed investment		Domestic credit to private sector*		Investment in infrastructure projects with private participation*							
	%of gross domestic fixed investment		%of GDP		<i>Telecommunications</i>	<i>Energy</i>	<i>Transport</i>	<i>Water and Sanitation</i>				
	1990	1998	1990	1999	90-94	95-99	90-94	95-99	90-94	95-99	90-94	95-99
Thailand	84.8	66.2	83.4	130.1	3,664.0	4,034.9	674.8	4,944.9	695.9	1,700.0	-	293.3
Malaysia	64.5	65.4	69.4	144.0	2,010.5	4,380.0	5,663.8	1,610.5	2,769.3	8,196.4	3,976.7	1,056.0
Indonesia	67.5	77.0	46.9	20.1	1,119.0	7,245.5	352.5	9,747.1	709.8	2,223.1	3.8	872.2
South Korea	88.1	79.5	65.5	93.4	2,379.0	10,940.5	300.0	3,173.2	-	2,634.0	-	-
Turkey	-	-	16.7	22.5	74.0	3,269.7	718.0	2,992.2	-	505.0	-	1,202.0
Hungary	-	-	46.3	25.4	1,610.2	6,300.2	-	3,812.1	1,086.0	135.0	-	180.3
Poland	84.9	82.1	3.0	23.6	273.0	4,893.0	-	624.8	3.1	2.3	-	-
Ghana	-	-	4.9	12.0	20.0	441.1	-	-	-	-	-	-
Mexico	-	92.1	17.5	16.2	15,795	11,736.9	-	2,250.3	7,430.9	5,151.9	516.7	199.7

* **Domestic credit to private sector** refers to financial resources provided to the private sector- such as through loans, purchases of nonequity securities, and trade credits and other account receivable- that establish a claim for repayment. For some countries these claims include credit to public enterprises.

* **Investment in infrastructure projects with private participation** covers infrastructure projects in telecommunications, energy(electricity and natural gas transmission and distribution), transport, and water and sanitation that have reached financial closure and directly or indirectly serve the public. The types of projects included are operations and management contracts, operations and management contracts with major capital expenditure, Greenfield projects (in which a private entity or a public-private joint venture builds and operates a new facility), and divestiture.

²⁴ Ibid.

Table 3. Thailand's GDP by industrial origin, 1985-93 (%)²⁵

Sector	1985	1990	1991	1992	1993
Agricultural	15.8	12.7	12.7	12.0	10.0
Mining and quarrying	2.5	1.6	1.5	1.5	1.5
Manufacturing	21.9	27.2	28.4	28.0	28.5
Construction	5.1	6.2	6.7	6.7	6.9
Electricity and water supply	2.4	2.2	2.1	2.3	2.4
Transport and communications	7.4	7.1	7.0	7.2	7.5
Wholesale and retail trade	18.3	17.6	16.9	16.6	16.6
Banking, insurance and real estate	3.3	5.5	5.3	6.5	7.3
Ownership of dwellings	4.2	3.0	2.8	2.7	2.6
Public administration and defense	4.6	3.5	3.4	3.8	3.8
Services	14.5	13.3	12.9	12.8	13.0

Source: Thailand Development Research Institute

Table 4. Investment Levels in Thailand, 1975-93²⁶

Year	Private Investment % of GDP	Public Investment % of GDP
1975	17.7	5.2
1980	16.3	8.9
1985	14.6	9.1
1988	21.9	5.2
1989	25.3	5.2
1990	29.1	6.4
1991	34.7	7.2
1992	31.2	8.1
1993	32.4	7.6

Source: Board of Investment

²⁵ Hewison, Kevin, "Thailand: Capitalist development and the State," The Political Economy of South-East Asia: an introduction (Oxford University Press: England, 1997), 105.

²⁶ Ibid, 107.

Table 5. Net FDI in Developing Countries, 1992-1998²⁷
(Billions of U.S. dollars)

Country	1992	1993	1994	1995	1996	1997	1998
Thailand	2.1	1.8	1.4	2.1	2.3	3.7	4.8
Malaysia	5.2	5.0	4.3	4.1	5.1	5.1	5.0
Mexico	4.4	4.4	11.0	9.5	9.2	12.5	10.0
Poland	0.7	1.7	1.9	3.7	4.5	4.9	5.5

Source: World Bank Debtor Reporting System

The statistics shows that since Thailand's economy has integrated with the international economy in the 1980s, its economic integration factors were in the proximate range of other highly developing countries. As a result of becoming the members of multilateral economic organizations together with liberalizing the economic policies, Thailand has been one part of the world economy. Since then, Thailand's national economy cannot be segregated from the global economics. Table 3 to 5 show that up to 50 percent of the GDP has depended on trade of goods and services and FDI. The main developing sector in table 3 was manufacturing, followed by wholesale and retail trade, and services. This led to the investment by the foreign and domestic private sectors in table 4, which includes telecommunications, energy, transport, and water and sanitation. Table 5 also illustrates a yearly increase in the FDI for Thailand.

In liberals' objectives, economic interdependence will bring prosperity to Thailand. Nonetheless, the optimistic result does not easily occur. The theoretical approach in Chapter I proposes the effect of the economic integration on domestic politics. Economic liberalization is a significant force, which changes the preferences and power in domestic actors. Since this thesis concerns the military institution, the research discusses the effects of economic integration on the military's functions and the relationships between the military and the society in the following sections.

²⁷ International Bank for Reconstruction and Development, "Global Development Finance, 1999," Available [Online]: <<http://web.lexis-nexis.com/statuniv>> [November 3, 2001].

C. THE 1991 COUP

As stated in the introduction, Thailand had spent more than sixty years trying to establish its democratic system with military domination. Although, a student uprising in 1973 was the first event when demonstrations influenced politics and led to the retreat of the long-standing military regime, the request for liberalizing politics and the struggle for power were not ended. After the short period of "open politics" in 1973-1976, Thailand between 1976 and 1988 was controlled by an elected government, which had relied heavily on the support of the Armed Forces since the military coup in 1976. The most influential leader in this period was General Prem Tinsulanond (1980-1988). During his administration, most of the cabinets were active or retired military and civilian bureaucrats.²⁸ The eight years under his administration, Thai politics had been regarded as "semi democracy." Meanwhile, in the economic realm, General Prem had strengthened the export-led growth strategy promoting Thai economy to the world and improving social living.

Following the period of economic development under the military-dominated government, politics in Thailand was transitioning into the following significant event. In 1988, Chatichai Choonhavan, a retired general, was the first elected politician to form a civilian government. During Chatichai's administration, economic growth in Thailand was rising more than 10% per year; however, the new elected government could not sustain political stability without support from the Armed Forces. On February 23, 1991, the National Peace-keeping Council (NPKC) led by the supreme commander, General Sunthorn Kongsompong including the Army, Navy and Air Force chiefs ousted Chatichai's government. The main reasons given for the coup were pervasive corruption, abuse of the civil service, an attempt to "destroy" the military, and assassination plots against those in "the high place"²⁹ (according to the Army, the target of the assassination included the Queen, General Prem Tinsulanond, and General Arthit Kamlangek, a former Supreme Commander of the Thai Armed Forces). Whatever the true reason is, the coup surprised most politicians, political observers, and academicians. The transitioning to a

²⁸ Laothamatas, Anek, "Business and Politics in Thailand," *Asian Survey*, Vol. XXVIII, No. 4, April 1988, 451.

²⁹ Christensen, Scott, "Thailand After the Coup," *Journal of Democracy*, Vol. 2, No. 3, Summer 1991, 95.

parliamentary democracy convinced many people that a coup was a thing of the past, which would rarely occur in Thailand.³⁰ After the coup, the NPKC appointed Anand Punyarachun, a diplomat-turned-business leader, as prime minister. The military promised to promulgate a new Constitution and hold general elections within a year. The junta needed a civilian government and a leader who was well-respected in the international community. Interesting enough, Anand was known as a liberal and antimilitary in his thinking.³¹

However, this thesis does not intend to find the main reason for the military staging the coup in 1991, rather it identifies the structural effect of economic integration on Thailand's military and the downfall of the military regime in the following year. The thesis uses the theoretical framework of changes in the preferences and the power of the domestic actors in Figure 1 as a pattern of the political event in Thailand.

According to economic integration, the private sector has become a significant player in economic society, which had long been in the hands of the military, bureaucrats, and technocrats. In 1979, there were only four provincial chambers of commerce, but by 1987 there were 72 of them. Meanwhile, in Bangkok, there were more than 200 Bangkok-based trade associations and chambers of commerce. These groups had become the significant players in interest-based lobbying. Moreover, formal business-government relations had established itself in the form of the Joint Public-Private Consultative Committee (JPPCC) in 1981. The JPPCC was a forum for the government and business leaders, including the prime minister, the minister responsible for economic matters, the representative of banking, industries, and commerce associations, and a secretariat of the National Economic and Social Development Board (NESDB).³² The JPPCC linked the economic bureaucracies with the business associations prevailing during Prem's cabinet. However, during Prem administration, the power of both parties and interest groups were limited by the military.

³⁰ Bunbongkarn, Suchit, "Thailand in 1991: Coping with Military Guardianship," *Asian Survey*, Vol. XXXII, No. 2, February 1992, 131-132.

³¹ *Ibid*, 133.

³² Hewison, Kevin, "Of regime, state and pluralities: Thai politics enters the 1990s," *Southeast Asia in the 1990s: Authoritarianism, democracy and capitalism*, eds., Hewison, Kevin, Garry, Rodan and Robinson, Richard (Australia: Allen & Unwin Pty Ltd, 1993), 178.

General Chatichai formed the first elected government after the "semi-democracy" period. He started to appoint politicians or wealthy party backers to his Cabinet. He weakened the bureaucracy especially downgrading the powerful NESDB, which had a policy-setting role under General Prem, to an advisory role. The government also relied much less on the previous JPPCC system. The bureaucratic and technocratic system, which was created in the 1970s, was challenged by the new elected government and the business-backed parties. With the tradition of a vote-buying system, Thai politics gave rise to closer relations between politicians and the private sector.³³ Anek Laothamatas suggests that according to economic growth, there were two new forms of increasing political influence by business groups. First, business directly participates in the Parliament through elections and supports the parties. Second, there was group-based lobbying in the JPPCC system. He also points out that business became a nonbureaucratic force rather than the monarchy, which is allowed a substantial share in public policy making.³⁴

Arguably, during the Chatichai administration, the economy shifted toward the civilian sector. According to the market mechanism, therefore, Thailand's "bureaucratic polity," the term used by Fred Riggs in the 1960s to refer to a political system dominated by the bureaucracy, had been changed. The power of the bureaucracy, which had long dominated the political institution in Thailand, was reduced. The business sector became more powerful in political arena. The vote buying in the electoral system brought many local tycoons, who were not professional politicians, into the cabinet. At that time, Chatichai's Cabinet was composed of more than 70% businessmen, the highest amount compared with other cabinets in the past.³⁵ Civilians were appointed to key economic posts that had been controlled by military leaders. This increased the tense atmosphere

³³ Haggard, Stephan and Kaufman, Robert R., The Political Economy of Democratic Transitions (New Jersey: Princeton University Press, 1995), 242-247.

³⁴ Laothamatas, Anek, "Business and Politics in Thailand," Asian Survey, Vol. XXVIII, No. 4, April 1988, 452, 470. (Anek Laothamatas is a member of the faculty of political science at Thammasat University, Thailand. He published articles and publications regarding government-business relations and the interaction between economic development and democratization in Thailand.)

³⁵ Pongpaichit, Pasuk, and Baker, Chris, Thailand: Economy and Politics (Oxford University Press: New York, 1995), 339.

between the elected government and military leaders.³⁶ Furthermore, the new government in 1989 wanted to amend the Constitution that would allow the president of the elected House of Representatives to act as president of the National Assembly. Previously, a president of an appointed Senate, a military-dominated figure, held this position. The amendment would shift power toward the parties.³⁷ The military saw the transferring of economic power and political change as a threat to its autonomy and power in Thai society. With the Cabinet's corruption, the military accused the government and staged a coup in 1991. The coup was widely supported by the business sector and the public at the beginning.

Kevin Hewison stated in his article that in the 1991 coup, state officials and, especially, the military, had made a last effort to conserve their state against the capitalist's class movement.³⁸ In addition, he argued that the 1991 military coup was an attack on the civilian-dominated parliamentary regime and its associated political space (or civil society). The main objectives were to bring decision-making back into the bureaucracy and maintain the conservative capitalist state in the form of a civilian government and parliamentary regime.³⁹ Scott Christensen also argued that the coup came from the military officers who saw themselves as guardians of moral politics; the inability of the civilian government to address social issues; and, especially, the rapid change of industrialization.⁴⁰ According to these analysts, the military staged a coup in 1991 because they saw the shift of power as a threat to the autonomy and power of the military institution. The military, which had long dominated Thai politics, was challenged by the emerging business groups. Bringing the old mechanism was the way to stop the growing influences. Appointing Anand as head of civilian government after a coup was a

³⁶ Warr, Peter G. and Nidhiprabha, Bhanupong, Thailand's Macroeconomic Miracle (Malaysia: Oxford University Press, 1996), 17.

³⁷ Laothamatas, Anek, "Business and Politics in Thailand," Asian Survey, Vol. XXVIII, No. 4, April 1988, 244.

³⁸ Hewison, Kevin, "Of regime, state and pluralities: Thai politics enters the 1990s," Southeast Asia in the 1990s: Authoritarianism, democracy and capitalism, eds., Kevin Hewison, Rodan Garry, and Richard Robinson (Australia: Allen & Unwin Pty Ltd, 1993), 180.

³⁹ Hewison, Kevin, "Political oppositions and regime change in Thailand," Political Oppositions in Industrializing Asia, ed., Garry, Rodan (New York: Routledge, 1996), 80-81.

⁴⁰ Christensen, Scott, "Thailand After the Coup," Journal of Democracy, Vol. 2, No. 3, Summer 1991, 95.

notable point in which the military realized that it could not centralize the power as in the past.

Suchit Bunbongkarn stated that after the coup, some observers suspected that the NPKC would try to influence the election and back one of its leaders for the prime ministership.⁴¹ They did not believe that the NPKC wanted to resolve the country's political problems rather than consolidating its power. An attempt to nominate one of the NPKC's leaders to be a prime minister after the election in 1992, therefore, led to a protest of the urban middle class and the downfall of the military regime. The following paragraphs analyze the retreat of the NPKC regarding the effect of economic development.

D. THE WITHDRAWAL OF THE MILITARY REGIME

The student and public uprising in 1973 was the first time that the people rejected the authoritarian regime. But, in 1976, the military staged a coup and came back into power until the 1988 election. For fifteen years without a successful coup, this bloodless coup in 1991 surprised many people. Moreover, in the past model, the military regime would stay in power for a certain period of time until the next coup. The rapid collapse of the NPKC by the public and the unpleasant relationship between the military and urban society during 1992 had rarely happened in Thai society.

Within one year after the coup, the NPKC handed power to the people through general elections in March 1992, but the election resulted in trouble. Narong Wongwan, the leader of the majority winning party, who should have been the new Prime Minister, was accused by the US government of having links with drug trafficking. The NPKC, which had an advisory role in the interim government, took a risk by nominating General Suchinda Kraprayoon, the Army Chief and the deputy NPKC leader, to be the new Prime Minister.

A few weeks after General Suchinda's appointment, the protest movement led by the middle class and professional people started. It was the largest protest since 1973, with an estimated half-million people involved. The conflict reached its climax from May

⁴¹ Bunbongkarn, Suchit, "Thailand in 1992: In search of a Democratic Order," *Asian Survey*, Vol. XXXIII, No.2, February 1993, 218.

17th through the 19th when the military opened fire on the demonstrators. More than a hundred protesters were reportedly killed and several hundred were injured. Finally, his Majesty the King intervened by instructing General Suchinda, a non elected prime minister, and Major General Chamlong Srimuang, the movement's leader, who was the former Bangkok governor, and the leader of the Palangdham Party, to end the confrontation by "reconciliation and not by the use of force."⁴² This resulted in the resignation of General Suchinda from office and a new national election was held in September.

During the economic growth in the 1980s and 1990s, the middle class had emerged from the private economic sector. Since then, there has been the expansion of professionals and middle-class employees. In 1937 there were fewer than 50,000 professionals listed in the national census, increasing to over 350,000 in 1960 and to 2.35 million in 1990.⁴³ The importance of the middle class is evident from the 1992 protest. The "mobile-phone mob", "with the Volvo or Mercedes Benz parked nearby and mobile phone in hand,"⁴⁴ rejected the nomination of General Suchinda. Data showed that two-thirds of the demonstrators had academic degrees. Sixty-percent worked in the private sector and 86 percent had incomes in excess of 5,000 baht (in 1992, 1 dollar was about 25 baht) per month, with half of them having an income excess of 10,000 baht.⁴⁵ It seemed that "free markets" had given to the rise to middle and business classes revolting against the military regime. Many analysts agree that economic development is the key factor in accelerating political influences over these emerging business and middle classes.⁴⁶

The 1992 protest developed the new political groups in Thai society, which truly emerged from its economic growth. Thailand politics is now closely linked with its economy. The integration of national economy to the world economy encouraged

⁴² Ibid, 220.

⁴³ Hewison, Kevin, "Political oppositions and regime change in Thailand," Political Oppositions in Industrializing Asia, ed., Garry, Rodan (New York: Routledge, 1996), 84.

⁴⁴ Hewison, Kevin, "Emerging social forces in Thailand: New political and economic roles," The New Rich in Asia: mobile phones, McDonalds and middle-class revolution (New York: Routledge, 1996), 137.

⁴⁵ Ibid, 138.

⁴⁶ Hewison, Kevin, "Political oppositions and regime change in Thailand," Political Oppositions in Industrializing Asia, ed., Garry, Rodan (New York: Routledge, 1996), 72.

liberalized politics. The emerging business groups and the middle class could influence on the political arena. The military, which has long been the main dominator in Thai politics is challenged by these "new social forces," such as environmental, organized labor, intellectuals, and, particularly, business.⁴⁷

Table 6. Increasing complexity in Thai society⁴⁸

Population	38 m (1970)	58 m (1993)
Labor force	27 m (1986)	32 m (1991)
Per capita income	16,000 baht (1982)	44,095 baht (1991)
Registered motor vehicles	692,738 (1970)	7,964,969 (1991)
Tertiary students	55,315 (1970)	423,976 (1990)
Registered unions	~ 200 (1978)	713 (1990)
Newspapers	22 (1968)	74 (1992)

Table 7. Employees with secondary and higher education in professional, administrative and clerical employ, 1970-1991⁴⁹

	1970	1981	1991
Number of Government employees ('000s)	520.1	869.3	1,229.8
As a % of total	76.4	61.4	48.0
Number of Private employees ('000s)	161.0	545.9	1,331.8
As a % of total	23.6	38.6	52.0
Total number ('000s)	681.1	1,415.2	2,561.6
Percentage	100.0	100.0	100.0

⁴⁷ Hewison, Kevin, "Of regime, state and pluralities: Thai politics enters the 1990s," Southeast Asia in the 1990s: Authoritarianism, democracy and capitalism, eds., Kevin Hewison, Rodan Garry, and Richard Robinson (Australia: Allen & Unwin Pty Ltd, 1993), 171.

⁴⁸ Hewison, Kevin, "Emerging social forces in Thailand: New political and economic roles," The New Rich in Asia: mobile phones, McDonalds and middle-class revolution (New York: Routledge, 1996), 141.

⁴⁹ Ibid, 144.

As shown in these two tables, Thailand's economic development led to complexity and a shift of power in the society. A high percentage of people in the bureaucracy in 1970 was reduced comparably with the rise of proportional employees in the private sector. Today, Thailand continues to undergo an extensive capitalist economic revolution and capitalists are firmly in control of the economy. However, the capitalist state does not demand a particular kind of regime. Capitalist economic activity evidently operates effectively either under an authoritarian or liberal democratic regime.⁵⁰ Therefore, the question now is why the Thai business and middle classes needed the political reform in 1992 and why they waited one year in order to start the protest?

The answer is possibly the appointing of Anand Panyarachun as Prime Minister after the coup. Anand was regarded as a professional diplomat and renowned businessman. His name held a guaranty for the foreign investors and business sectors especially in Bangkok. In addition to the appointment of Anand, the NPKC promised the new election within a year. Therefore, the business sector and middle class waited to see the military's action after the election. After the March election, the military regime intended to legitimize its authority by nominating General Suchinda to be the Prime Minister in place of tycoon Narong. This time, the civilian sector realized that the military wanted to consolidate its legitimacy. This led to one of the largest protests in Thai history.

According to the Anand administration, businesses would continue to accept military dominance in the interests of investors and Anand's name would continue to guarantee economic stability. Meanwhile, General Suchinda, the Army Commander-in-Chief, was considered a professional military officer in the perception of the urban business groups. Pasuk Pongpaichit stated, "organized modern business came to see that authoritarian bent on fascism could have ... disastrous effects on their business interests. The immediate reaction was for the first time to give open support as institutions to the

⁵⁰ Hewison, Kevin, "Political oppositions and regime change in Thailand," Political Oppositions in Industrializing Asia, ed., Garry, Rodan (New York: Routledge, 1996), 80.

parliamentary democratic system."⁵¹ In Pasuk's view, the military threatened business leaders' economic interests. The business groups found that the "coup" was damaging for an economy, which had become highly reliant on exports, foreign investment, and tourism.⁵² Additionally, Anek argued that in 1991 the middle class did not object to the coup because the Chatchai government was seen as corrupt and incompetent. However, the middle class rejected the military in the following year when it was clear that the military intended to consolidate its own political position for personal and economic interest.⁵³

Another factor for the collapse of the NPKC was international critics. The coup had met strong criticism by European countries and the United States. Following the coup, the U.S. government suspended foreign aid, investment and other programs to Thailand.⁵⁴ The United States also cut off \$16.4 million in development aid to Thailand, while Japan announced that there would be no new foreign assistance for the time being. Thai and foreign businessmen worried that the delay of the election could affect Thailand's economic growth by scaring away foreign investors and tourists.⁵⁵ Moreover, during the democratic demonstration, the images of soldiers shooting the protesters had been broadcasted around the world on BBC and CNN. Tourists left hotels in Bangkok after the brutal clash.⁵⁶ The US government warned tourists to stay away.⁵⁷ All of these factors limited the autonomy of the military since it staged the coup. The NPKC could

⁵¹ Hewison, Kevin, "Emerging social forces in Thailand: New political and economic roles," The New Rich in Asia: mobile phones, McDonalds and middle-class revolution (New York: Routledge, 1996), 155. (cited in Pasuk Phongpaichit, "The Thai Middle Class and the Military: Social Perspective in the Aftermath of May 1992," paper presented to the Annual Conference of the ANU Thai Studies Group, Australian National University, Canberra, 18 October 1992, 5)

⁵² Pongpaichit, Pasuk, and Baker, Chris, Thailand: Economy and Politics (New York: Oxford University Press, 1995), 356. (Pasuk is a professor of faculty of economics at Chulalongkorn University. Her book *Thailand: Economy and Politics* (co-authored with Chris Baker) won best book of the year award from the National Research Council of Thailand)

⁵³ Hewison, Kevin, "Political oppositions and regime change in Thailand," Political Oppositions in Industrializing Asia, ed., Garry, Rodan (New York: Routledge, 1996), 85.

⁵⁴ Thurston, Charles W., "Coup-Ridden Thailand Continues to attract US Investment," Journal of Commerce, December 12, 1991.

⁵⁵ Wallace, Charles P., "Ex-Envoy to US Chosen as Thailand's Interim Leader," Los Angeles Times, March 3, 1991.

⁵⁶ Epstein, Edward, "World Insider," The San Francisco Chronicle, June 1, 1992.

⁵⁷ Pongpaichit, Pasuk, and Baker, Chris, Thailand: Economy and Politics (New York: Oxford University Press, 1995), 360.

not stay in power any longer according to both domestic and international influences. They had to step down.

The most important actors in 1992 for Thai society were the business and middle classes. They started to propose legitimate authority in influencing both politics and economics in Thailand, which has long been in the military and bureaucracy's hands. I would argue that in the future these groups would limit the military's role in the political arena. Economic integration created the middle class and could influence the preferences of domestic actors. A military coup, now, seems to be an anachronistic instrument of the military in preserving the Thai's "bureaucratic polity." The intervention of his Majesty the King, according to some analysts represented another attempt to save the military institution.⁵⁸ However, his authority and the loyalty among the Thai military and society were able to peacefully stop the confrontation between the military and protesters.

Thailand's economy has become larger, more complex, and more closely linked to the world economy. Such an economic system can progress further only within a liberal economic and political framework, which permits everyone the freedom to participate and to organize to claim their economic rights...Thailand has become a complex, plural society. The democratic system ... provides every individual an equal opportunity to voice opinions and to participate in determining the future courses of the country without domination by any one privileged group.⁵⁹

In summary, the military coup in 1991 can be viewed as a resistance of the military to the shift of power among domestic actors in Figure 1. Meanwhile, the people's protest in 1992 could be regarded as the new social forces in Thai politics, which limit the role of the Thai military in the political arena. Suchit suggests that the opening of politics and the expansion of commercialization and industrialization have led to a change in military's relations with society. Economic domination is another limitation to the military's role in Thailand.⁶⁰ To support this argument, the next chapter studies

⁵⁸ Hewison, Kevin, "Of regime, state and pluralities: Thai politics enters the 1990s," South East Asia in the 1990s: Authoritarianism, democracy and capitalism, eds., Kevin Hewison, Rodan Garry, and Richard Robinson (Australia: Allen & Unwin Pty Ltd, 1993), 184.

⁵⁹ Hewison, Kevin, "Political oppositions and regime change in Thailand," Political Oppositions in Industrializing Asia, ed., Garry, Rodan (New York: Routledge, 1996), 73. (cited in Journal of Contemporary Asia, 21(4), 1991: 563-4)

⁶⁰ Bunbongkarn, Suchit, "The Thai Military and Its Role in Society in the 1990s," The Military, the State, and Development in Asia and the Pacific (Colorado: Westview Press Inc., 1991), 67, 78.

Thailand's economic crisis in 1997 and the contemporary perspectives of the Thai military in politics regarding this serious economic issue.

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III. THE ECONOMIC CRISIS OF 1997 AND THAILAND'S MILITARY FUNCTIONS

Thailand unexpectedly faced an economic crisis in 1997 after enjoying an average of 8% growth during the late 1980s and early 1990s. This crisis infected other Asian countries and caused the most severe economic crisis in Thailand's recent history. During the crisis, the political situation was unstable. The government was reluctant to negotiate economic recovery programs with the International Monetary Fund (IMF). The new Constitution, which was being drafted, was slowed down in the parliamentary process. The crisis, though, led to the critics of the inefficiency of the government to deal with the economic and political problems. The public proposed the replacement of the Chavalit's administration with a new competent one. At that time, His Majesty the King, who was the most influential actor in the past national crises, gave a speech that what the country really needed was a decent standard of living and enough to eat rather than to be an economic tiger.⁶¹ He implicitly advised the Thai people what direction is suitable for the country.

Surprisingly, the military, which had been the most important actor in politics, did not step forward. In traditional crisis situations, the military would have openly blamed the ineffective government, and replaced it with the new technocrats. The military's decision in 1997 not to intervene, according to the foreign source, was a "miracle."⁶² Moreover, after the crisis was lessening, the military continues a reform under the civilian Defense Minister. These actions are, therefore, the focus of this chapter.

This chapter studies the perspectives of the military after the 1992 protest and during 1997 economic crisis. It approaches the responses from the military when there was a demand to change the government. This chapter starts with a review of the political and economic backgrounds of Thailand after the military had been forced to withdraw from the political scene in the 1992 demonstration. Next, the chapter presents a timeline

⁶¹ Bowornwathana, Bidhya, "Thailand in 1999: A Royal Jubilee, Economic Recovery and Political Reform," *Asian Survey*, Vol. XL, No. 1, January/February 2000, 88.

⁶² Kahn, Joseph, "The Latest Asian Miracle: Chaos Without Coups," *The New York Times*, July 26, 1998.

of the economic crisis and the military's decision in this event. Then, it analyzes and addresses the new perspectives of the Thai officers. Finally, this chapter supports the argument in the previous chapter that the shift of power in Thai society has limited the role of the Thai Armed Forces in the political arena.

A. THE MILITARY AFTER 1992

After the military stepped down in 1992 and the election took place, Chuan Leekpai, the Democrat Party's leader, became the Prime Minister. The Chuan government planned to restructure the Thai military and reduce its direct role in politics.⁶³ In the political realm between 1992 and 1997, politics transitioned to a more democratic form. Thailand installed three consecutively elected governments. Even though, these governments were not regarded as stable since the vote-buying system prevailed during the election campaigns, the Armed Forces did not intervene. Regardless that people widely accepted an election as a political game, an election, itself, could still not guarantee political stability.

With the consensus from the public to keep the military out of politics and the need for political reform, the new Constitution was drafted. The Constitution hoped to reduce corruption and vote-buying problems in blocking the return of the Armed Forces. Former Prime Minister Anan, a leader for a constitutional reform, led the campaign in support of the "people's Constitution." In every election campaign after 1992, therefore, most of the parties supported the amending of the Constitution and promised to form the cabinet with more transparency and accountability.

In the domestic context, civil society, one of the fundamental factors for a democratic system, emerged. The Thai people realized that they had the power to topple either illegitimate or incompetent government as successfully as in 1992. Therefore, demonstrations were widely seen when people both in urban and rural areas demanded the government to solve their problems. The Press also became more powerful. It was able to tarnish the government and extend less credit to corrupted politicians. Since the "people's Constitution" was drafted, the public anticipated that the new Constitution

⁶³ King, Daniel E., "The Thai Parliamentary Elections of 1992", *Asian Survey*, Vol. XXXII, No.12, December 1992, 1122-1123.

would not only help resolve the political problems but also strengthen the civil societies.

Article 39 of the Constitution states:

A person shall enjoy the liberty to express his or her opinion, make speeches, write, print, publicize, and make expression by other means. The restriction on liberty shall not be imposed except by virtue of the provisions of the law specifically enacted for the purpose of maintaining the security of the State, safeguarding the rights, liberties, dignity, reputation, family or privacy right of other person, maintaining public order or good morals or preventing the deterioration of the mind or health of the public.⁶⁴

In the Armed Forces, the officers respected their chain of command. Chiefs of the Armed Forces occasionally informed the public that the military supported a democracy and would not be involved in political affairs no matter how bad the political situation would become.⁶⁵ The public's protest in 1992 led the military to readjust its role in society. Since 1992, the military has been convinced that the best strategy was to keep away from direct political involvement. Today, the old style coups are no longer appropriate. Moreover, some senior officers agree that the military's roles in politics have become more complex⁶⁶ and the old style authoritarianism is not accepted by the more educated Thai middle class.

In order to achieve a better image, the military supported a new Constitution and supported the reform. The new role of the military, as an apolitical institution after 1992, has gradually improved the military's reputation. Together with the forgiving characteristic of Thai society, relations between the military and its people had improved. Nonetheless, the stages of democratic consolidation were not easily accomplished without economic prosperity. The economic crisis in 1997 seriously questioned Thailand's political institution. The question for the public, business sectors, the press and the military was whether to continue with political reform or return to the old style of authoritarianism in order to resolve economic problems by an effective government.

⁶⁴ "Constitution of the Kingdom of Thailand," Available [Online] <<http://www.krisdika.go.th/law/text/lawpub/e11102540/text.htm#1>>[January 28, 2002].

⁶⁵ "Thai Military will not stage coup: Air Force Chief," The Straits Times, March 30, 1993.

⁶⁶ Samudavanija, Chai-Anan, "Old Soldier never die, they are just bypassed," Political Change in Thailand, ed. Hewison, Kevin (New York: Routledge, 1997), 55-57.

B. THE ECONOMIC CRISIS AND THE THAI MILITARY'S RESPONSES

This section does not intend to seek the main causes of the crisis itself; rather it observes the consequences of the financial crisis on Thailand's military functions. The following paragraphs, though, review the background of the crisis and then discuss the impact of the economic crisis and the responses from the Thai military.

During the early 1990s, domestic and international investors had high confidence in the Thai economy, but since the mid 1996 the economy had started to be in trouble. The economy slowed down and the Stock Exchange of Thailand (SET) steadily fell.⁶⁷ The external debt generated by the private sector had raised from 28.8 billion dollars in 1990 (33.8 percent of GDP) to 90.5 billion dollars in 1993 (50.9 percent of GDP).⁶⁸ A lack of transparency of the financial institutions in managing capital flows together with the corruption among businessmen-politicians had created a financial bubble.⁶⁹ Moreover, the unstable governments of Banharn (1995-96) and Chavalit (1996-97) undermined the confidence of foreign and domestic investors.⁷⁰ Subsequent to the lack of confidence in the Thai economy, the speculators attacked the value of the baht in the financial market.

According to the government's intervention, the Bank of Thailand (BOT) spent more than 30 billion dollars of foreign reserves in defending Thai currency. Finally, on July 2, 1997, the Thai government gave up and officially devalued the baht. Immediately, the government asked for the IMF recovery package.⁷¹ After negotiations, in August, Thailand adopted the IMF "austerity programs" with disagreement from the nationalists that the government was "selling the country."⁷²

⁶⁷ Punyaratabandhu, Suchitra, "Thailand in 1997," *Asian Survey*, Vol. XXXVII, No. 2, February 1998, 161.

⁶⁸ Navanugraha, Chonlathis, The Effects of the Financial Crisis on the Military in Thailand (Master Thesis, Naval Postgraduate School, 1999), 5- 6.

⁶⁹ MacDonald, Scott, "Transparency in Thailand's 1997 Economic Crisis: The Significant of Disclosure," *Asian Survey*, Vol. XXXVIII, No. 7, July 1998, 690-693.

⁷⁰ Lauridsen, Laurids S., "The Financial Crisis in Thailand: Causes, Conduct and Consequences?," *World Development*, Vol. 26, No. 8, 1988, 1579.

⁷¹ Navanugraha, Chonlathis, The Effects of the Financial Crisis on the Military in Thailand (Master Thesis, Naval Postgraduate School, 1999), 5-7.

⁷² Phongpaichit, Pasuk and Chris Baker, "The Politics of Economic Reform: Thailand," Available [Online] <<http://www.ceip.org/files/pdf/3Phong-Baker.pdf>>[February 14, 2002], 42.

Two days before devaluing the baht, Prime Minister Chavalit stated that the Thai economy had passed its lowest point and the baht would not be devalued.⁷³ However, the government spent a vast amount of reserves in order to protect the currency. With pressure from the export groups and some business sectors, Chavalit let the baht float on July 2. Then in late July, Thailand sought assistance from the IMF and announced a plan for economic recovery on August 5. After being devalued, the exchange rate of Thai baht (THB) jumped from around 25 baht per dollar to the low of around 53 baht in early 1998. Fifty-six finance companies had to be closed and over half of all bank assets were Non-Performing Loans (NPLs).⁷⁴ The crisis affected not only the economic institutions but also the Thai people. During this period, the number of crimes and suicides were reported as being higher.⁷⁵ Consequently, there was a broad consensus to change Chavalit's administration.⁷⁶ Many people wanted the new cabinet to be more effective in dealing with the crisis.

Shortly after Thailand announced its tough economic reform on the advice of the IMF in early August, the rumors of a military coup circulated. The rumors affected the financial market. The investors speculated the probable economic policy if a coup happened;⁷⁷ therefore, they were reluctant to invest. Meanwhile, Thailand needed foreign money to help improve its economic condition. Prime Minister Chavalit Yongchaiyudh had to promise the public after the rumors, "I can reassure the public that the government has closely monitored the armed forces and there will be no coup d'etat as far as I am still in charge."⁷⁸

A few days after the rumors, Prime Minister Chavalit attended a luncheon with a group of top generals at the Army headquarters. The meeting according to the Press came

⁷³ Tang, Edward, "Economy on the mend, Chavalit assures Thais," The Strait Times (Singapore), July 1, 1997.

⁷⁴ Overholt, William H., "Thailand's Financial and Political Systems: Crisis and Rejuvenation," Asian Survey, Vol. XXXIX, No. 6, November/December 1999, 1010.

⁷⁵ Punyaratabandhu, Suchitra, "Thailand in 1998," Asian Survey, Vol. XXXIX, No.1, January/February 1999, 83.

⁷⁶ Overholt, William H., "Thailand's Financial and Political Systems: Crisis and Rejuvenation," Asian Survey, Vol. XXXIX, No. 6, November/December 1999, 1015.

⁷⁷ "Thai baht eases in offshore trade on political, economic concerns," Agence France Presse, August 7, 1997.

⁷⁸ The Straits Times (Singapore), August 7, 1997.

after the military suspected cuts in the military budget. General Chettha Thanajaro, Army Commander-in-Chief, stated he had already invited Chaiyawat Wibulswasdi, Governor of the Bank of Thailand, to brief the Armed Forces' leaders about the economic crisis and defense budget matters. According to General Chavalit, the meeting was only "a get-together" between him as a Defense Minister and his subordinates.⁷⁹

In early August, General Sunthorn Kongsompong, chairman of the NPKC in the 1991 coup, said that the economic problems and soaring price of basic commodities were the causes for the military to topple a government. He also contended that if General Chavalit, a former Army Commander-in-Chief and Supreme Commander, was not the head of the government, the military would stage a coup.⁸⁰ Meanwhile, the Army Commander-in-Chief repeatedly refused the possibility of a military coup while further stating that a coup would deepen the crisis. He insisted, "As long as I am the Army Chief, there will not be a coup."⁸¹ General Mongkol, the Supreme Commander, also warned, "Soldiers no longer think of staging a coup. Problems have to be solved in parliament and not by force. There are much better alternatives."⁸² Even General Prem, the former premier and now the Privy Councilor, who has been widely respected among the military and politicians, advised Prime Minister Chavalit and the chiefs of the Armed Forces to "put our country above everything else."⁸³ Due to his broad experiences both in military and politics, General Prem implicitly gave the final word for the military not to directly intervene.

Although the military did not directly intervene, the importance of the Armed Forces did not lessen in political decision-making during the crisis. Subsequent to the pressure from the opposition parties, the press and people, General Chavalit reshuffled his cabinet on August 15, 1997. He, however, sought the support and approval from the Armed Forces.⁸⁴ Another important issue was the process of passing a new Constitution.

⁷⁹ Worldsources Online, INC., August 14, 1997.

⁸⁰ The Strait Times (Singapore), August 7, 1997.

⁸¹ Nanuam, Wassana, "Military Chettha There won't be coup," Bangkok Post, August 3, 1997.

⁸² "Military Coup ruled out again: Top brass stress they will not intervene," Bangkok Post, July 28, 1997.

⁸³ "Prem Tells political rivals to set aside differences," Bangkok Post, August 26, 1997.

⁸⁴ "Military Leaders given greater political clout," Worldsources Online, INC., August 18, 1997.

During the election campaign in early 1996, General Chavalit promised to pass the new Constitution. However, the faction in his cabinet needed some charters to be amended. Since Chavalit delayed votes for the Constitution, the military chiefs came again to persuade him to accelerate the parliamentary process of passing the new Constitution before the situation worsened. The senior officer's decision to support the Constitution, which directly affects the military's power helped to improve the images of the military institution as a whole. Because at that time, many Thais believed that the only way to restore the economy were to clean up the political system and eradicate corruption, the new Constitution would meet their expectations.⁸⁵

Nevertheless, a fear of a military coup did not diminish under unstable politics and economics. In September 1997, the Press quoted a comment from the Army Chief of Staff in the Army College seminar on development strategy and political reform. The quote read, "the military would be the last to react but would not let the country be destabilized."⁸⁶ Shortly after the report, General Charn Boonprasert, Army Chief of Staff, had to deny that he did not state a possibility of a military coup.⁸⁷ Additionally, in mid-September the military began moving the troops into the capital for the military ceremony. With rumors of a coup, the military took the unusual step of informing the public that troops' movements in Bangkok were no cause for a coup and requested the people not to panic.⁸⁸ Having experienced seventeen military coups since 1932, the public could not easily forget movement of tanks and guns in the capital.

According to the IMF, the defense budget was the main target for cutting rather than education, social welfare, and infrastructure development. The economic crisis attacked the military interest by immediately reducing more than a quarter of the defense budget. Surprisingly, the military accepted the government's fiscal policy. Arm trades were suspended. Some were cancelled, such as the buying of eight F/A-18 fighter jets

⁸⁵ Vatikiotis, Michael, "People's Putsch," *Far Eastern Economic Review*, September 18, 1997.

⁸⁶ Nanuam, Wassana, "Army chief-of-staff says coup is possible: Won't allow country to be destabilized," *Bangkok Post*, September 2, 1997.

⁸⁷ *Agence France Presse (AFP)*, September 2, 1997.

⁸⁸ McDowell, Patrick, "Thai Army urges public not to fear coup from troop movements," *The Associated Press*, September 15, 1997.

from the United States.⁸⁹ Moreover, the services anticipated a 75 percent reduction in the number of generals over the next ten years.⁹⁰ Responding to demands to reduce the budget and armed purchases, General Chetta stated, "Regional countries have become similarly bruised and exhausted from the economic crisis. Nobody can think about war now."⁹¹ The Armed Forces appreciated the country's situation showing the public that they would try to help as much as possible.

The Chavalit's government was widely criticized for its incompetence in handling the crisis and its reluctance in voting for the new Constitution. With pressure from many sectors, Prime Minister Chavalit resigned in early November 1997. However, before his resignation, a new Constitution was ratified. Chuan Leekpai, the opposition party's leader, formed the coalition and took office on November 15th. Chuan installed his own economic team and promised to bring the country out of the crisis. Chuan as the Prime Minister also controlled the Ministry of Defense. For the second time, since Prime Minister Seni Pramroj, who took this office only 44 days before the military coup in 1976, the Ministry of Defense had a civilian at the top.⁹² When taking his office, Chuan stated that the military must continue institutional reform.⁹³ In October 1998, Chuan intervened in the promotion process, a critical issue in Thailand. He appointed General Surayud Chulanont to be the Army Commander-in-Chief. General Surayudh's background has been as a professional officer, who also has a close relationship with Privy Councilor Prem. When taking the position, he stated that his policies were to disengage the Army from politics and make it a more professional service.⁹⁴ He further stated his vision in the first interview with the press, "The new Army will abide by orders of the civilian government and by instructions of the Defense Minister who is vested with the power to

⁸⁹ Eaton, Dan, "Crisis forces Thai military to beat swords into ploughshares," Agence France Presse, March 22, 1998.

⁹⁰ Deutsche Presse-Agentur, March 16, 1998.

⁹¹ Eaton, Dan, "Crisis forces Thai military to beat swords into ploughshares," Agence France Presse, March 22, 1998.

⁹² Bumrungsuk, Surachart, The Military and Thai Politics in the Next Century: Development and Changes (in Thai) (Thailand: Square Print 93, 2000), 44.

⁹³ "The Military Must Reform," Available [Online] <<http://www.asiaweek.com/asiaweek/magazine/99/1199/nat.thai.chuan.htm>>[February 17, 2002].

⁹⁴ Tang, Edward, "Thai Soldier barred from canvassing," The Straits Times (Singapore), November 3, 1998.

be the highest authority of all military men."⁹⁵ After this serious crisis of no military coup, the military continues its reform.

C. THE MILITARY'S PERSPECTIVES DURING AND AFTER THE ECONOMIC CRISIS

Chonlathis employed an economic perspective on the role of budget constraint when analyzing the consequences of the financial crisis on the Thai military. In his thesis, he concludes that the financial crisis caused the Thai Armed Forces to restructure their organizations.⁹⁶ With this budget constraint, the military had to reduce its personnel and some ineffective organizations. However, whether or not the reform is accomplished depends on the Thai military's views of the country's political and economic situation. This section, therefore, further studies the impact of the economic crisis on Thailand's military functions in the political arena and analyzes the military's perspectives in the relationship between economics and politics.

Analytically, the main reasons for the military not staging a coup in 1997 are the following:

1. The military does not know much about the macroeconomic policy and how to handle a financial crisis since the world is rapidly changing in the areas of information technology and capital flows. Additionally, the military coup in the past had avoided interfering in the economic policy and left the technocrats to manage the economy. Without professional knowledge in running the national economy, a military coup in 1997, therefore, would have worsened the crisis. The economic community especially the investors would have had little faith in an economic policy by the military regime. Since the country needs money to reboot the national economy, undermining foreign investors in the international market by replacing the existing government with a military coup would be a suicidal action.

2. The crisis did not directly affect military interest other than the possibility of a budget cut. The Thai military was still able to maintain its interests, such as in operating

⁹⁵ Tang, Edward, "It's strictly soldiering, say new Thai army chief," The Strait Times (Singapore), November 7, 1998.

⁹⁶ Navanugraha, Chonlathis, The Effects of the Financial Crisis on the Military in Thailand (Master's Thesis, Naval Postgraduate School, 1999), 41.

television and radio stations. After 1992, the military tried to restore its reputation. Showing concern for the country's economic situation in 1997 would have been a better strategy. In addition, the government of General Chawalit had a good relationship with the military. He mediated the critical issues between the politicians and the chiefs of the Armed Forces. The most notable point was the government's explanation and compromise in the defense budget cut.

3. The new Constitution was drafted. The military coup was an opponent to the new democratic system. In addition, the urban groups, which preferred a democratic system, would have protested the military regime like in the 1992 event. Moreover, since former Prime Minister Anan Punyarachun, who is highly respected in Thai society, was the leader of the Constitution's draft, he would have opposed the military's intervention. Therefore, in 1997, the military did not have public support in directly intervening.

In the case of the decision of the Thai military in 1997, every reason mutually supported each other; therefore, one reason was no more important than another. Since this thesis has focused on the impact of global economic integration on the functions of the Thai military, it did not find either foreign investors or international trade as the most important factor in directly limiting the military's decision.

Some may also argue that the military did not decide to intervene due to Chawalit's dominance. During the crisis, General Chawalit was a prime minister and defense minister. He put his supporters in the important positions of the Armed Forces. Therefore, he was able to control the situation. This point, however, became clear in the following year that there was a shift of political power, when Prime Minister Chuan appointed General Surayudh, a reformer, to be Army Chief, the most powerful position in the Armed Forces. The appointment of General Surayudh could be regarded as the power shift that strengthened the authority of elected civilians. This appointment was also the signal that civilian politicians openly wanted to bring the military under their "control."

During the economic crisis, Thailand's desire to be a part of the world economy did not decrease. Thailand still needed the market for exporting goods and receiving capital and technological flows in order to boost the national growth. Therefore, a military coup in 1997 would have worsened its economic situation. For example, the IMF

would not have given any monetary support to the military government. In the political realm, in 1997, the new Constitution was being voted on by the parliament. The public believed that the new Constitution would bring an effective political system. Since stability in a political system would also help resolve economic problems, people wanted to wait and see the result of the new system under a new Constitution rather than give this opportunity to the Armed Forces.

Since the 1997 crisis originated from the ineffectiveness of the governments and corruptive styles of the cabinets, the military could have justified upon intervening before the new Constitution, which rejected a military coup, had been voted. But, the military did not intervene because the military itself could not guarantee that the national economy would recover. Moreover, today, the world community does not recognize a military regime as a legitimated government. Thailand's neighbor, Myanmar, which is controlled by the military regime, is a good example of the economic sanctions. A coup in 1997, therefore, would have a little support and it would disrupt the democratic system that the Thai people needed.

Therefore, in the military's responses during the crisis, senior officers had helped to improve the military's image and political situation by remaining cooperative. They also frequently have guaranteed the public that the military would let the politicians take care of the economic issues. Meanwhile, the military strengthened its roles in drug operations, border disputes, and the United Nation's mission in East Timor. With these responses, Suchit stated, "Democracy is advancing, and generals have proved they aren't very good at handling economic crises like the one we're facing now."⁹⁷ Economic crises are complex, global matters that are well beyond the military's ability to cope with as in a decade ago. Therefore, the military defers to the technocrats.⁹⁸

In sum, since the military's image improved after 1992, a coup in 1997 would have diminished its prerogatives from society. As a result, the military let the politicians to solve the problems. The responses of the military created a new role for the Thai

⁹⁷ Lamb, David, "Military retreats from politics in most of Southeast Asia," Los Angeles Times, December 12, 1998.

⁹⁸ Kahn, Joseph, "The Latest Asian Miracle: Chaos Without Coups," The New York Times, July 26, 1998.

military in domestic politics. The contemporary military's political perspective is to compromise with politicians and business elites. Although the middle-class, a new social force since the 1992 protest, did not have much influence during the crisis, they carefully observed the political and economic conditions.

In Thailand, power among the domestic actors now transfers to elected politicians. The international economy as an external force influences domestic actors in accelerating the emerging of the middle class needed for political participation. Nonetheless, Thailand's economic crisis shows that the military's influence in Thailand's political arena has not been completely diminished. In a limited manner, the military carefully influenced the political event in 1997.

Direct involvement of the Thai military is unlikely in the near future; however, a fear of a military coup is not eliminated. Institutional reform would be the best approach to guarantee that the military will not challenge the new Constitution. Along with the rapidly changing global economic environment and the changing of the national security, the new military has to readjust its roles and missions. The next chapter, though, will discuss the possibility of reform in the Armed Forces, the dilemma between liberalizing the economy and the national security, and the prospects of civil-military relations in Thailand in the future. It will finally address the effect of the international economy on the Thai Armed Forces' functions.

IV. MILITARY REFORM AND THE PROSPECTS OF CIVIL-MILITARY RELATIONS IN THAILAND

Chapter II discussed the reasons for a military coup staged in 1991. Then, chapter III addressed the reasons why the Thai military decided not to directly intervene during the economic crisis in 1997. This chapter analyzes the economic impact on military reform and the prospects of civil and military relations. It focuses on military reform in order to clarify whether or not the reform could change the Thai military into more “professional.” It, then, discusses the dilemma of liberalizing the economy and maintaining national security, and the prospects of civil-military relations in Thailand.

A. MILITARY REFORM AFTER THE ECONOMIC CRISIS

Military reform has been widely discussed since the military crushed the public demonstration in 1992. The pictures of the soldiers firing at the Thai people, who were not their enemies, led the public to demand a modification of the military organization. The reform concentrated on the traditional and apolitical roles of the Thai military. The reform has continued to be discussed in the Armed Forces after the economic crisis. As stated earlier, when Thailand faced the economic crisis, it passed a new Constitution. The Constitution appreciated the continuation of the institutional reform. Article 72 of the new Constitution defined the role of the Armed Forces as "upholding independence and maintaining security of the State, institution of kingship, national interests and the democratic regime of government with the King as Head of the State, and for national development."⁹⁹ According to the Constitution, the military's main duty is national security. It can only be used in domestic mission to support national development. However, the reform has not been an easy task to be accomplished. The long dominance of the military, especially the Army, in Thai society, could have hindered the reform.

The Army, once the largest and most powerful organization, consists of around 700 generals at the top with more than 70 percent of the Army's budget going to its

⁹⁹"Constitution of the Kingdom of Thailand," Available [Online]: <<http://www.krisdika.go.th/law/text/lawpub/e11102540/text.htm#1>>[January 28, 2002].

personnel.¹⁰⁰ Reforming the Army to become more professional and efficient, therefore, includes reducing a number of the generals by 75 percent and downsizing a number of the Army personnel from 230,000 to 190,000 men in the next ten year. The reform also intends to eliminate the involvement of some of the military officers in illegal businesses. In the educational system, the military academy will reduce its academic years from 5 to 4 years.¹⁰¹ The "radical reform" proposes an end to the conscription system. In addition, the reform gives foreign authority to the Foreign Ministry while the military takes care of their subordinates and abides by civilian government.¹⁰²

The reform also includes the privatization of the military's main business in radio and television stations. In Article 40, the Constitution states that radio and television frequencies are national communication resources for public interests.¹⁰³ The military's 221 radio stations and two television channels, therefore, should be used for public purposes according to the Constitution. Since the military has leased these radio stations to private operators and military personnel have operated one television channel, these radio and television stations are one of its main monetary resources. For instance, the military receives more than 30 million baht annually for each radio channel's lease.¹⁰⁴ Although the military argues that it wants to protect the stations for "national security" reasons, the reform is trying to eliminate the military's monopolization.

General Surayudh's plan for the reform was to increase transparency in the military's commercial radio and television operations by subjecting their financial results to public scrutiny. He has even agreed to the military relinquishing its control over some of the stations and returning a portion of the revenue to the government's treasury.¹⁰⁵

¹⁰⁰ Gearing, Julian, "A Fresh Approach," Available [Online]: <<http://www.asiaweek.com/asiaweek/magazine/99/1119/nat.thai.army.html>>[February 22, 2002].

¹⁰¹ Strait Times Interview, Available [Online] <<http://www.apaninfo.net/CountryPartners/rta/CoCInterview11-19-01.htm>>[February 22, 2002].

¹⁰² Corben, Ron, "Army chief pushes downsizing of military," Available [Online] <<http://www.atimes.com/se-asia/AF23Ae05.html>>[February 22, 2002].

¹⁰³ "Constitution of the Kingdom of Thailand, Available [Online] <<http://www.krisdika.go.th/law/text/lawpub/e11102540/text.htm#1>>[January 28, 2002].

¹⁰⁴ Susanpoolthong, Supawadee, "Military urged to surrender monopoly," Bangkok Post, November 15, 2001.

¹⁰⁵ Tang, Edward, "It's strictly soldiering, say new Thai army chief," The Strait Times (Singapore), November 7, 1998.

These reforms are on going and the struggles from the conservative factions will be widely seen. For example, some officers, who have been involved in illegal business, are the main faction, which does not support the reform. Patinan Wattanayagorn, former security advisor to the former Prime Minister Chuan, stated, "Many conservative officers want to backtrack and return to the good old day."¹⁰⁶

In defining military reform, Alfred Stephan, in the 1970s, described the new military professionalism as interrelated political and military skills. The military is concerned with internal security, and focuses on national development. Meanwhile, the old professionalism of Samuel Huntington, in the 1950s, described the military as an apolitical institution that is subject to civilian authority and professionally managed violence from external, international sources.¹⁰⁷ Both new and old professionalism have a common perspective in which the military does not involve itself in political affairs. Huntington, himself, states, "The dark ages of military political influence were the golden ages of military professionalism."¹⁰⁸

In order to professionalize the Thai military, the reform should be not only downsize the organization but also educate "the rule of law" in the military. Military personnel, as members in society, participate in politics because each has one vote in an election. Totally separating military personnel from political knowledge easily guides or leads to political objectives by the senior commander. Therefore, as an institution, the Thai military separates itself from politics in order to add professionalism to the military. On the other hand, as members of society, military personnel should have the right to independently select and vote for their political preferences.

Being in power for a very long time, the Thai military has penetrated every sector in society. Pulling the military out of politics and professionalizing them will not be an immediate task. The success of the reform, though, is not being seen yet. Moreover, the reform is not supported by the contemporary national security. When comparing Thai military power with the Burmese military, Thailand has cut the defense budget and

¹⁰⁶ Crispin, Shawn W. and Tasker, Rodney, "Thai Defense Chiefs March Out of Step," Far Eastern Economic Review, September 13, 2001.

¹⁰⁷ United Press International, August 13, 2001.

¹⁰⁸ Huntington, Samuel P., The soldier and the state (Massachusetts: The Belknap Press of Harvard University Press, 2000), 229.

downsized military personnel, while Burma's defense budget has not been reduced and its personnel include almost 400,000 in the military.¹⁰⁹ The recent tension between Thailand and Burma is, therefore, the obstacle of the continuation of the reform. The next section provides an analysis of the security reasons and the liberalized economy. Developing an argument that liberalizes the economy creates institutional reform, but security is also an important criterion to maintain. Meeting the security criteria is an important prospect of Thailand's civil-military relations.

B. A LIBERALIZED ECONOMY AND NATIONAL SECURITY

According to national security, during the Cold War, Thailand's strategy focused on its eastern borders, which are composed of pro-Vietnamese Laos and pro-Chinese Khmer Rouge. Thailand's national security was seriously concerned about a communist threat when Cambodia had been taken by Vietnamese troops in the late 1970s. At that time, the eastern borders were Thailand's main theatre for military defense.

Subsequent to the declining dominance of Vietnam in the late 1980s along with the end of the Cold War, Thailand's national security concerns shifted to its western neighbor—Burma (Myanmar). Thailand and Burma share common border of some 2,532 kilometers; however, some parts of the border have not been demarcated properly since colonization by Britain and France. Along the border, there are 76 routes allowing easy cross-border passages. Moreover, the border areas are composed of thick evergreen forest and mountainous terrain, suitable for building up military bases of minority groups and for harboring the production of narcotics and arms trade. The minorities, especially the Karens and Shans, provided a buffer zone between the two countries during the Cold War. When the Cold War ended, the minorities in Burma become a security concern for Thailand, especially in drug trafficking along the border. Additionally, these minorities cause tensions between Thailand and Burma's security.

Burma has been controlled by the military regime since 1988. Since the State Peace and Development Council (SPDC) has an aggressive policy towards the minorities and democratic movements, the minorities and anti-Rangoon groups started to base their

¹⁰⁹ Corben, Ron, "Army chief pushes downsizing of military," Available [Online] <<http://www.atimes.com/se-asia/AF23Ae05.html>> [February 22, 2002].

insurgencies in Thailand to achieve their political objectives. With more than 600,000 unregistered Burmese immigrants living in Thailand¹¹⁰ and refugee camps composed of more than 100,000 Karennis, Karens and Mons along the Thai border,¹¹¹ these groups often committed criminal and terrorist attacks on Thai soil. For example, on October 1, 1999, five armed Burmese men captured 38 hostages at the Burmese Embassy in Bangkok demanding the Burmese Government to release all political prisoners in Burma and to recognize the result of the 1990 election. Although the incident was resolved peacefully, the SPDC was disappointed with Thailand policies toward "the hostage-takers" in which Thailand called "student activists fighting for democracy." Burma temporarily closed its border trading posts and fisheries to the Thais opposing Thailand's policy.¹¹² In December 1999, ten terrorists, calling themselves, "God's Army" seized hundreds of hostages at Ratchaburi hospital in Thailand.¹¹³ Although, the Thai Special Forces resolved the situation by killing all of the terrorists, Thailand started to become seriously concerned with its domestic security regarding minorities and anti-Rangoon groups along the border. The economic benefit from border trade led Thailand attempt to peacefully resolve the problems.

According to the liberalized policy of Thailand's economy during the 1980s following the decline of the communist threat in the region, Thailand opened its economic policies toward its neighbors. Thailand's Prime Minister Chatichai Choonhavan proposed to turn the Indo-Chinese battleground into a trading market.¹¹⁴ Moreover, the Suwannaphume (Golden Land) concept, the regional economic cooperation in mainland Southeast Asia, was headed by Thailand in the late 1980s and early 1990s.¹¹⁵

During Chatichai's administration, General Chavalit Yongchaiyut, the Defense Minister of Thailand, visited Rangoon (Yangon), the capital of Burma, to negotiate

¹¹⁰ Seekins, Donald M., "Burma in 1999," *Asian Survey*, vol.XL, no.1 (January/February 2000), 22.

¹¹¹ Burmese border refugee sites with population figures, Available [Online]: <http://www.idpproject.org/excell/Burmese_border_refugee_site_Dec99.htm> [February 22, 2002].

¹¹² Seekins, Donald M., "Burma in 1999," *Asian Survey*, vol.XL, no.1 (January/February 2000), 22.

¹¹³ *The Nation*, January 26, 2000.

¹¹⁴ Neher, Clark D., *Southeast Asia in the New International Era* (Colorado: Westview Press, 1999), 26.

¹¹⁵ Ruland, Jurgen, "ASEAN and the Asian crisis: theoretical implications and practical consequences for Southeast Asian regionalism," *The Pacific Review*, Vol. 13, No.3, 2000, 434.

logging and fishing deals for Thai companies in 1988.¹¹⁶ Nonetheless, the motives for an economic rapprochement toward Burma were mainly commercial. Thai generals only had an interest in Burma's timber and gems trade. Since 1988 the military chiefs have had a direct relationship with Burmese leaders. With this personal relationship, the joint-investment contracts to build roads and dams in Burma mainly came from the private visit of General Chavalit, Thailand's Defense Minister, during July 23-24, 2001. The project has been criticized because it involves the Thai military in business.¹¹⁷ A direct military-military relationship also seems opposing to the reform proposal by using a diplomatic channel in the Foreign Minister's framework on security issues.

Although a liberalized economy and regional economic cooperation can boost economic growth, Thailand as a country among different political systems of its neighbors, has had difficulty rapidly opening its economy. Laos is still a communist state. Myanmar is controlled by the military regime. Cambodia, although it had a democratic government since 1993, faced the coup led by Prime Minister Hun Sen in July 1997. Only Malaysia seems close to the same path as Thailand. However, the Muslim separatists still operate between Thailand and Malaysia's borders. Although, all of these countries are members of the ASEAN community, the questionable national securities among these countries are of main concern in economic cooperation. As Stephen Brooks analyzes, "while ASEAN countries are not hostile toward each other their relationships are certainly not as free of security suspicions."¹¹⁸

Figure 2 shows the trade offs between economic integration, nation-state, and mass politics. In this scenario, when two preferences are chosen the third option must be sacrificed. To liberalize the national economy and promote mass politics diminishes the state's power. Eroding a power of the state also means national security becomes less significant. However, to strengthen the state's power by liberalizing the economy, mass

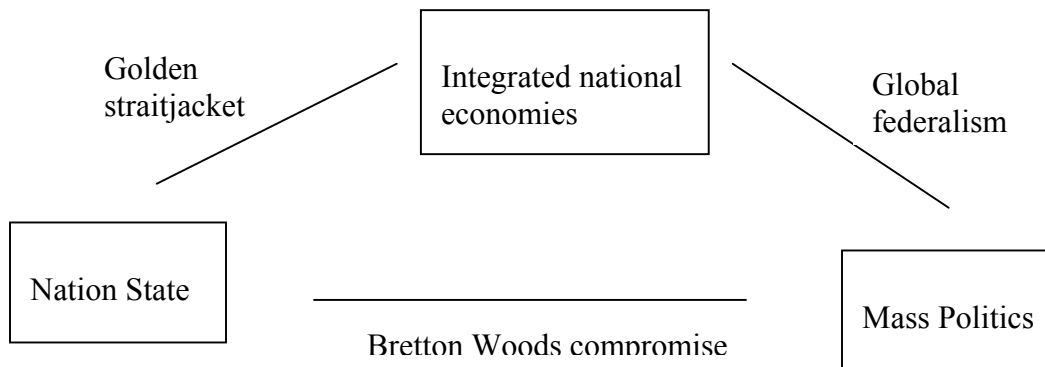
¹¹⁶ Neher, Clark D., Southeast Asia in the New International Era (Colorado: Westview Press, 1999), 177.

¹¹⁷ Crispin, Shawn W. and Tasker, Rodney, "Thai Defense Chiefs March Out of Step," Far Eastern Economic Review, September 13, 2001.

¹¹⁸ Brooks, Stephen G., The ASEAN Free Trade Agreement: Precipitating Causes and Future consequences (Final Report, The Naval Postgraduate School, 1993), 18.

politics, which is important for democratic system, will be less important. The dilemma causes both civilian representatives and military officers to discuss Thailand's future.

Figure 2. Augmented Trilemma¹¹⁹



Thailand had become part of the world economy in the 1980s. However, the economic crisis in 1997 questioned its economic policies. The present impact of economic integration on the military reform, though, is unclear since the economic crisis has not been alleviated and the government has not resolved domestic problems. Additionally, national security brings a serious question for the civilian government. A dilemma of a liberalized economy and national security challenges the politicians and the Chiefs of the Armed Forces to justify Thailand's policy.

As a result of the dilemma between the liberalized economy and national security in Thailand, the civilian government and the military have a mission to define the national strategy in order to maintain economic growth and uphold national security. This will be an appropriate prospect of Thailand's civil-military relations.

C. THE PROSPECTS FOR THAILAND'S CIVIL-MILITARY RELATIONS

This section argues that military reform and a liberalized economy cannot be immediately achieved due to some reasons of national security. As a result, the politicians and the Chiefs of the Armed Forces have to develop a framework in order to improve civil-military relations in Thailand in the future.

¹¹⁹ Rodrik, Dani, "How Far Will International Economic Integration Go?," Journal of Economic Perspectives, Vol. 14, No.1, Winter 2000, 181.

The different views between the politicians and senior military officers on security issues were evident during the skirmish along the Thai-Burmese border. In February 2001, clashes along the Mae Sai-Tachilek border in the northern part of Thailand occurred, while the Burmese Army was fighting with the Shan State Army (SSA). The Burmese troops fired weapons and followed the retreating SSA in Thailand and Burma's disputed territory. The incident left five civilians dead and dozens injured.¹²⁰ The Thai Army immediately responded by firing back and ordered the Burmese Army to withdraw. Tensions between the two sides lasted until June when there was an exchange visit between the Thai Prime Minister and the Burmese leader.

The conflict between Thailand and Burma in 2001 not only created tension between the two countries but also resulted in a sour relationship between the civilian government and the military. The main actors were Prime Minister Thaksin Shinawatra and the Third Army Commander, Lieutenant General Watthanachai Chaimuanwong. While Lt. Gen Watthanachai, in charge of the conflict area, took a tough line against Burma, Prime Minister Thaksin took a diplomatic approach under the Foreign Ministry's framework. According to a poll, 57% of the people said Thailand should adopt aggressive measures to solve the problem while 41.7% of the people demanded the use of a flexible approach and compromise.¹²¹ This issue created different views for the public. One group supported the military approach while the other advocated the civilian government. Finally, the government and the military compromised. On May 4, 2001, Thailand's newspaper, the Nation quoted Prime Minister Thaksin, "the government is trying to get the military and the Foreign Ministry to work toward the same direction."¹²²

This event is the focal point of the prospect of civil-military relations in Thailand. The compromise between civilian and military personnel will be openly discussed in the near future. The military will be less aggressive towards the government's policy and the elected civilians will be more respectful of the military's position of authority. Thailand and Burma conflict is a guiding issue in Thailand's civil-military relations.

¹²⁰ BBC News, Asia-Pacific, "Thai-Burma Border Talks Fail," Available [Online]: <<http://news.bbc.co.uk/1/hi/english/world/asia>>[December 15, 2001].

¹²¹ "Opinion split on whether PM should visit," Bangkok Post, March 18, 2001.

¹²² The Nation, May 4, 2001.

Thai-Burma problems also exemplify the dilemma between economic cooperation and security issues.¹²³ While the business sector needs to maintain economic cooperation between the Burmese junta and Thai businessmen, the military cannot sacrifice its security criteria. In my opinion, when opening the country to the region and the world for economic prosperity, the issue of national security becomes more important not less important. Opening the country results in internationally-organized crimes, illegal immigrants and drug trafficking, which affect the society as a whole. Therefore, both issues of a liberalized economy and national security should be a concern in Thailand's civil-military relations.

Good civil-military relations in Thailand, therefore, do not mean either sacrificing national security for economic growth or closing the country in order to uphold national security. Since the political system in Thailand has given the authority to the elected politicians, the system needs the professional representatives to manage the national issues. Moreover, if these elected civilians want to control the military, they have to become more knowledgeable in national security. Although the contemporary Thais do not want the military to become involved in politics, they also do not want to see corrupted politicians in the Cabinet or an impotent government.

Since the military has withdrawn from the scene, Thailand's democratic consolidation now depends on the Government to be able to prove that it is professional in various issues. Moreover, politics must have more transparency and accountability. If these criteria cannot be accomplished, the old guard will have legitimacy to restore "national unity and stability." Although, the lesson learned in 1992 led the military to readjust its role in society, the Thai military will not completely withdraw from politics if political problems, such as vote-buying system, money politics are not resolved. As Patinan stated, "The army has moved from a crude and violent way to a more sophisticated level of participation. The military is just finding a new role, which receives more popular support."¹²⁴ Because the Thai military has dominated the political system since the 1932 Revolution, any political instability could bring them in at any time.

¹²³ "Commentary: Burma to test Thaksin's resolve," Bangkok Post, March 28, 2001.

¹²⁴ Far Easter Economic Review, January 19, 1998

Integrating civil-military relations, at this time, should go further in professional education and training. Education will facilitate every sector in understanding each other's roles. Civilians will concern themselves with national security while the military will support the elected civilians' duties. Although, today, at a national level, Thailand has the National Defense College and the Strategic Studies Institute of the Supreme Command collaborated a one-year program, for senior military, bureaucrats and, especially, businessmen, no educational program exist for the middle-ranking officers and civilians. Moreover, education for the cadets and college students is not widely provided. Therefore, education to support civil-military relations should be established at every level. Education and training will strengthen the professional ethos of the military and promote good relations between the military and the civilian.

Thailand's politics, economics and education are very important in consolidating democracy. Every mechanism supports each other. As Thailand becomes a complex society with different preferences among domestic actors, military coups or the military's direct intervention may not be seen in the near future. However, if military reform is not accomplished and the political problems are not resolved, the military can be justified in taking back power.

Without a doubt, the global economy is one of the important factors that has influenced Thailand's domestic politics by creating the middle class. This group will be the significant variable for the direction of Thailand's democracy. This thesis focuses on the impact of economic integration of the functions of the Thai military. It has not found a direct link between the global economy conditions and the role of the Thai military in the political arena. Therefore, both during the period of economic growth and the economic crisis in 1997 are not relate to the Thai military's interest.

However, economic growth brings new social forces into political participation. These groups formed by the middle class mainly affect the military's domestic role. As long as, these groups become larger and more powerful, military dominance in politics will gradually decrease. In addition, without the military's familiarity in managing the national economy and the rapid change of the global economy, the Thai military has deferred the power to the elected politicians.

Thailand's military institution has stood beside the gradual transitioning of democracy since 1932. The past sixty years demonstrates that military dominance in politics narrowed democratic participation with the military moving away from their traditional roles. Today is the opportune time to encourage the military to be more professional in their careers and to allow the Thai people to choose their own representatives. In my view, individuals are rational thinkers, who calculate the cost and its benefit. If the citizens of Thailand think that their votes will benefit them, they will vote for individuals or parties that they prefer. The military as an institution is only the means for the national objective.

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V. CONCLUSION

A. CONCLUSION

The theoretical framework proposed by Garrette and Lange (1996) is used as a basis for interpreting the change of the Thai Armed Forces' role in the political arena after integrating the economic system with the global economy during the 1980s. This theory explains that a change in international economic conditions can lead to a change in the preference of domestic actors in any country. This ultimately results in the shift of power in that country.

The growth of Thailand's economy, after integrating its economic system with the world economy, has caused the emergence of the middle class. Another group, businessmen, who also have powerful social and governmental status, is the group involving in global businesses. These business groups have gradually attained power once monopolized by the Thai military. This has initiated the conflict between business groups and the military. The 1991 coup demonstrated the military's resistance to the change. Although the coup was successful, and power was again back in the military's hand, the military shortly after had to step down due to the middle class's demonstration in 1992 resisting the prospective monopolization by the military again. Since then, Thailand has become a complex society. There have been more and more actors, eager to participate in the political game with an increase of demands for their preferences. The middle class has been seen as one of the new significant actors since 1992, and has tried to attain their domestic power after this demonstration. They have also had to compete with the business groups, who once attained such power after Thailand's economic integration. While these groups have struggled to gain domestic power, the military secretly monitored the situation.

Thailand's economic crisis in 1997 did not lead to the coup, because many factors had limited the role of the military. For instances, the military was not confident of its ability to run the country's macroeconomics. The military's interests were minimally affected by the economic situation. During the economic crisis, the Prime Minister, who was the former Army's Commander-in-Chief, had readily compromised the potential

conflict between the government and the military. Most importantly, the new Constitution made illegal any self-appointed or appointed Prime Minister. Although their involvement was not obvious, it is evident that the military's influence on Thailand's politics existed during the crisis.

The above incidents also led to the reformation of the military institution from its prior roles to the real professional soldiers beginning around 1992. However, this is still not accomplished, because of the differences in the point of views. That is the concept of national stability between elected politicians and military leaders on the liberalization of the Thai economy. The elected politicians believe that economic growth leads to the stability and development of the country; but the military personnel conservatively view the rapid opening of the country to the global economy as a possibly jeopardizing national security. This dilemma has become the problem for both parties. Nonetheless, because the military has been less aggressive with the elected civilian, the potential of both parties compromising their interests is highly likeable in the near future. The outcome of this dilemma is also principally depended upon the political steering from the middle class.

Without the public involvement, political rivalries in Thailand, since 1932, had been in the hands of the military and business elites. The economic growth has created the new middle class taking the lead in the political arena. This shift of domestic power resulted in limiting the role of the Thai military in politics. Regardless of this, the prerogatives of the Thai military are still recognized by the Thai people because of the social and economic development and national stability that had occurred during the earlier military rule. When the country was confronted with the economic crisis in 1997, people still thought about national stability during those years.

The above discussion infers that economic prosperity, political stability, and public education are the key factors for the existence of a democratic system in Thailand. Economic prosperity also gave rise to the Thai middle class. After becoming involved in limiting the military power in 1992, the roles of the middle class have significantly influenced the new political structure of Thailand. In the author's point of view, if and only if both serious political instability and a collapse of the Thai market economy are

uncontrollable by the existing government, then the Thai people shall demand direct military intervention.

B. SUGGESTED FURTHER RESEARCH

This research has only focused on the Thai military's functions after Thailand was integrated into the world economy. The progression of the Thai military reformation, mentioned in this thesis, can be followed up with further studies. These studies could involve the search for an optimally national-strategic model compromising the Thai economy and its national stability. This model could also serve as a basis of Thailand's civil-military relations.

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