

## CHAPTER 7

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# Thailand: Military Resurgence and Geostrategic Imbalance

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### Introduction

The consolidation and entrenchment of military rule in Thailand have been increasingly consequential for regional security insofar as Bangkok is concerned.

Since the ruling generals seized power on 22 May 2014, they have governed more or less directly, unlike previous putsches where technocrats were appointed to administer the bureaucracy and manage the economy, with military supervision confined to internal and external security. It is thus remarkable that Thailand has gone from nascent democratic consolidation in the late 1990s to outright military-authoritarian rule in 2014-16, while its regional neighbours have made spectacular democratic and liberalisation strides away from military influence over the same period, especially Myanmar, Indonesia and the Philippines. In turn, Thai domestic politics over the coup period has impinged on Thailand's relations with the outside world.

Bangkok has moved closer to authoritarian regimes, most conspicuously China. Conversely, Bangkok has become more estranged and alienated from Western democracies that have been critical of the Thai coup. The United States and the European Union are at the forefront of the pro-democracy camp and thus have faced diplomatic friction with Bangkok. The same goes for New Zealand and, to a lesser extent, Australia. The Asian democracies, most notably Japan, India and South Korea have been mixed towards Thailand's coup. Japan has toed the pro-democracy line without forfeiting its national interest in engaging with Thailand, whereas India and South Korea have taken a business-as-usual approach despite the Thai military takeover. While this trend has been ongoing, it has become accentuated. The geopolitical manifestations of this trend include Thailand's relatively mute response to tensions in the South China Sea, contributing to ASEAN's divisions over how to react to China's aggressive construction of several artificial islands in the contested maritime area.

Accordingly, this discussion paper delves first into Thai domestic political dynamics because they are critical to understanding the country's conundrum and how it affects geostrategic outlook and policy. Then the discussion will turn to Thailand's relations with the major powers, with meanings and implications for regional security in the Asia Pacific. Overall, the central relationship in mainland Southeast Asia may be more China-Japan than China-US, while maritime Southeast Asia is determined mainly by the Beijing-Washington rivalry. The concluding section will focus on what the broader implications for Thailand's defence sector.

## **Thai domestic conundrum**

In recent years and in the near term, Thailand will continue to face a reckoning at the end of an era that harks back more than half a century. It has proved itself a successful kingdom that now has to function like a workable democracy. Until this daunting and existential challenge of reconciling a kingdom and a democracy is addressed by capable leadership and a collective will to compromise among the elite, with a new understanding between the elite and the masses, Thailand is likely to remain mired in its navel-gazing malaise indefinitely. Understandably, much of the international spotlight on the Thai scene will be fixated on the military junta's roadmap for a return to democratic rule. After it seized power in May 2014, the military government, led by Prime Minister Prayut Chan-ocha, has bowed to international and domestic pressure by obliging to a timeframe to draft a new constitution and allow elections to take place. But the first charter-composing round came to naught in September 2015 as the Constitution-Drafting Committee and the National Reform Council, both junta-appointed, disagreed on its provisions.

The second charter attempt will track a 6-4-6-4 months-long schedule of drafting, organising a referendum, promulgating enabling laws, and staging polls by mid-2017. However, if the second charter draft is voted down in Thailand's second-ever plebiscite, it is unclear what the military government would do. It would come under pressure to resign but it will be tempted to ride out the storm and continue in power because its self-imposed interim constitution indicates that the drafting process would have to start over again. Like its precursor, the second charter draft prioritises the role of restraint over representation. Elected representatives are to face a wide array of checks from appointed committees and agencies, resulting in a

lack of institutional balance between the executive and legislative branches on one hand and other branches of authority, namely extra-parliamentary committees, the judiciary, and the military-monarchy symbiosis on the other. Moreover, the senate is set to be partially or wholly appointed by junta-influenced bodies, with considerable authority to hem in elected representatives of the lower house. And the post-election prime minister may not have to be an elected MP, which allows an outsider from the junta or its nominee of choice to rise to the top. If these plans come to fruition, post-election Thailand would look like a “custodial” democracy under the longer-term influence of the junta and its coalition allies in the conservative establishment. What is more disconcerting from these controversial stipulations is the systematic long-term discrediting of Thailand’s democratic institutions. The coup period and the charter-drafting process have openly demonised elected politicians as the primary source of Thailand’s corruption and graft while pledging to return to an electoral setting in due course. This approach is likely to lead to a dead end that will further complicate and exacerbate Thailand’s political future. If Thailand is to regain a democratic footing, then democratic institutions need to be restored and rebuilt, not deplored and downgraded.

Tension will thus rise as the constitutional clock ticks forward towards the election and a transfer of power from the military government. Yet the constitutional timetable is merely a sideshow in the broader Thai drama. What is at stake is Thailand’s existential need to recalibrate and refit an established political order for the globalised and democratised era in the early 21<sup>st</sup> century. That order revolved around the military, monarchy and bureaucracy, the holy trinity that has ruled Thailand for nearly seven decades. It featured a strong, centralised authority that was enabled and nurtured by Cold War exigencies. Many Thais are grateful for its efforts because Thailand never succumbed to communism like its neighbours. Not only that, the Thai economy also flourished from the stability and economic planning during the communist-fighting decades. But these traditional institutions became an inevitable victim of their success as the Cold War expired and newer voices became empowered by expanding education, rising income, proliferating and affordable information and communications technology, and changing international norms towards human rights and democracy.

Over the past decade, major external powers no longer countenanced Thai coups unlike during the Cold War. The Thai electorate also became more conscious of

their rights and stakes in the political system. This profound juncture between the old order having to give way and a new democratic arrangement having to steer Thailand's way forward coincided with the rise of the ousted and exiled Thaksin Shinawatra and his cliquish rule. While Thaksin was seen as abusive and prone to graft and collusion in recent years, the established centres of power have been unable and unwilling to come up with a democratic alternative to preserve some of their vested interests while making concessions to the newly empowered bottom rungs of society. As this wrenching process unfolds, the Thai economy will remain resilient but underperforming. Thailand's economic cushion is immense but all shock absorbers eventually wear out. The biggest dilemmas for the Thai people is thus how long it will take for their elites and leaders to get their act together and make the necessary adjustments so that their country will continue having both monarchy and democracy on a new horizon. This all-important issue also casts a long shadow over Thailand's foreign relations in view of regional security.

### **Post-coup Thailand and the outside world**

Thailand's relations with the outside world were naturally complicated by its latest military coup in May 2014. Led by the United States, Western democracies, and a few democratic Asian countries opposed the putsch while most of the rest of Asia and the broader international community took it in stride. But by early 2016, relations between Thailand and the outside world have been recalibrated for expedient reasons. For Thailand, this translates into less outright pressure from outside against the military regime. For Western democracies, ceding some space regains corresponding leverage with more nuances to work with. The role of Asian countries in pushing for Thailand's democratic return will now become even less significant, Japan's included. Always the most consequential from the outset, domestic pressure now holds the key to Thailand's eventual return to popular rule. It is instructive to survey the hitherto phase of international dealings with the post-coup Thai government.

The US' tough posture towards Thailand's putsch in 2014 was attributable to Washington's perception of the Thai military's deception. In April 2014, just days before the coup, both Deputy Assistant Secretaries of the Defense and State Departments reassured a think-tank audience in Washington that a coup in Bangkok was not in the offing. They were told so. So were their uppermost diplomats

at the US embassy in Bangkok. Unlike the Thai military's prequel takeover in September 2006, its follow-up eight years later met stiff opposition in Washington, accompanied by measured sanctions, downgraded relations, and repeated calls for the immediate restoration of elections and democracy. Washington may have felt that it was taken for a ride in 2014 while it had been relatively lenient with the Thai military's preceding coup. Having exercised its leverage all at once with post-coup overreactions, Washington may now be in for a relatively greater give-and-take mode as long as the junta's roadmap remains on track. China, on the other hand, was going to be a fair-weather friend irrespective of Washington's severity of response. Beijing was nonchalant in its reaction to the related putsches in 2006 and 2014. But because Washington's hardline reaction in 2014 was so conspicuous, Beijing's embrace of the coup-makers became that much more salient. As the chorus of Western criticisms against the junta gathered sound and fury, Thailand's top brass sought and received succour from Beijing. The contrast between Washington's opprobrium and Beijing's acceptance vis-à-vis the May 2014 coup has characterised Thailand's post-coup relations with the outside world.

The key voice in Asian reactions towards the Thai putsch was Japan. With the U.S. spearheading the Western pack, comprising the European Union in parts and as a whole, along with Australia and New Zealand in opposing the putsch, Tokyo accounted for much as a staunch democracy that is Asian. The Japanese were caught between a rock and a hard place. Japan did not want to "lose" Thailand to China, as it felt it had lost Myanmar/Burma in that fashion in the mid-1990s, but it had no choice initially than to condemn the coup and call for the restoration of democratic rule.

To their credit, the Japanese got their cake and ate it too. Abe received Prayut in Tokyo in February 2015, signed a memorandum of understanding to build an east-west rail project in Thailand, and enticed the Thai leader to publicly reassure an election would take in 2016. Never mind that this election pledge subsequently slipped to mid-2017. Japan made its point. It opposed the coup on democratic values but found a way to protect its interests vis-à-vis China in mainland Southeast Asia. The turning point for Thai leaders to branch out and seek hedging strategies from Japan was Beijing's proposed rail development financing terms that came with a relatively high interest rate and short grace and repayment periods compared to World Bank and Japanese development financing standards. When it came time to capitalise, the Chinese terms were tough, leveraged by diplomatic advantages over Bangkok.

Tokyo saw it and even the game vis-à-vis Beijing in the post-coup Thai sphere. With the Abe government's security bills that reinterpret the pacifist constitution to enable Japan's military to operate abroad more elastically, Thailand will have more leverage vis-à-vis China. Japan's upping its game against China in the Thai coup context is arguably the most important contour of Asia's post-coup Thailand post conundrum. Other Asian democratic concerns were ephemeral. Both President Benigno Aquino III of the Philippines and then-President Susilo Bambang Yodhoyono of Indonesia expressed disapproval of the Thai coup within hours almost by instinct but these were not sustained and later succumbed to ASEAN's cardinal non-interference expediency. India and South Korea, the largest democracy worldwide and a consolidated East Asian democracy, stood out for their relative indifference and routine business-as-usual approaches. For them, interests trumped values. The same can be said of Thailand's other ASEAN neighbours, none known as the bastion of democratic rule. They can hardly be blamed in view of an incipient Western retreat from democracy championing of late. In May 2015, for example, Australian Foreign Minister Julie Bishop became the first senior leader of a Western country to visit Thailand and effectively recognized the Thai junta.

Those governments critical of the coup are apparently softening their stances in favour of nuances and room to manoeuvre is unsurprising. Thailand just has too much critical mass in the geopolitical mix and geo-economic stakes to be shunned. At most, the international community can only set parameters within which the junta operates. While such parameters now appear more flexible, they will likely become tenser as the junta's timetable expires. Yet the game-changer in Thailand will derive from the domestic sphere. Civil society here has been divided and politicised but they are sufficiently embedded with open-society values that are unlikely to tolerate an outright military dictatorship for too long.

### **Thailand between China and Japan**

News of Thailand becoming a Chinese client state is greatly exaggerated. True, Bangkok has moved ever closer to Beijing following Thailand's latest military coup in May 2014. But its recent foreign policy manoeuvres suggest that even Thailand's military rulers know it when they are getting a raw deal. What Thailand needs going forward is the realisation that foreign relations are a business of national interest and

diplomatic nuances and that the China-Japan relationship is the most consequential for East Asia's future, especially in mainland Southeast Asia. It is common knowledge since the coup that Thailand's military rulers, led by Prime Minister Prayut, have sought diplomatic support and development alternatives from China. As Bangkok became increasingly isolated in the face of ongoing rebuff towards the coup from developed democracies in the West and Japan, Beijing's warm embrace stood out. Mutual visits between senior officials of both countries were trumpeted as Thailand's way forward, away from Western influences. The more Thailand took an authoritarian turn, the starker this contrast between Western and Chinese responses towards the Thai coup became.

Japan has been the odd player in this mix. It is Asian and irreversibly democratic, with the largest stock of direct investment in Thailand and Southeast Asia more than any other major power over the past three decades. Like the Western democracies, Tokyo initially responded to the Thai coup by calling for the restoration of fundamental freedoms and the return of democratic rule. But as Thailand's military regime fell head over heels for China's coup approval, Japan took a pause and became decidedly reticent. The Japanese were naturally afraid of losing Thailand to China. It has happened nearby before. In the mid-1990s, when Myanmar was ostracised by the international community for years of military repression and human rights violations, the Chinese moved in and thrived to become the biggest investor in the then-pariah country. Indeed, China's domination became a major catalyst for Myanmar's reforms and diversification since 2011, and Beijing's stranglehold on Yangon has been diluted as a result.

Yet Thailand has been a conundrum for Japan. While its business ties and economic interests in Thailand as the hub of mainland Southeast Asia are immense, Tokyo can hardly condone a military coup. Its business lobby has weighed in heavily, and official Japanese position towards the Thai coup softened after the initial call for democracy and human rights. But Japan has deftly found the right mix of business and politics in its reception of Prime Minister Prayut's official visit in February 2015. The government of Prime Minister Shinzo Abe fortified the deep and dense Japan-Thai relationship and signed a clutch of memoranda of understanding for Japan's investment in east-west rail projects across Thailand, while successfully calling for the return of a civilian-led government and enticing Prime Minister Prayut to reassure the international community that Thailand remains on course back

to electoral democracy, with poll prospects in late 2015 or early 2016. Getting both the business and politics right during Gen. Prayut's visit was Japan's own mini-coup. It preserved Japan's democratic values and maintained its economic interests.

The geo-political and geo-economic backdrop of Gen. Prayut's visit to Japan and his government's recent kowtowing and pursuit of Chinese approval and infrastructure investment is really what recent Thai foreign policy dealings have been about. While the Chinese leadership appeared forthcoming and reassuring, it has become clear that China remains a transactional superpower. It does not give without taking up front and sometimes in advance. Although there are no freebies in geopolitics, China has exacted a heavier cost for its goodwill compared to Japan. For example, the two major north-south rail projects inked between China and Thailand involved conditions and attached strings that may be seen as a grand rip-off. The interest rate for China's multibillion-dollar government-to-government loans is pegged at two per cent, with a relatively short grace and repayment periods of four and 20 years, respectively. In goodwill G-to-G development-based and project-financed loans, interest rates typically range from under 1.5 per cent, with at least a 10-year and closer to 30-year grace and repayment terms. In addition, China has insisted on using its own engineering, technological, management, logistical resources, and land-development perks.

To be sure, coup or no coup, across governments before Gen. Prayut's and after, China's gravitational pull will grow. Beijing is the resident superpower and mainland Southeast Asia is its backyard. But in the longer run beyond military coup and military rule, Thailand's position will likely become more hedged and nuanced again, as it has always been, with world-renowned success and effectiveness. Certainly, the United States provides a strategic and substantial counterbalance to China in maritime Southeast Asia, particularly for the Philippines. But in mainland Southeast Asia, Thailand's balancing act must rely more on Japan. Gen. Prayut's interim government found this out the hard way by isolating itself from global democratic voices only to give greater leverage to China to milk benefits out of Thailand's coup interregnum. His trip to Japan was a timely reminder of this sobering geopolitical reality and hard business calculations.

Nevertheless, over the past decade, relations between Bangkok and Beijing have moved closer than ever. Part of this realignment was Thailand's planned (but currently



shelved) purchase of three attack submarines from China. If the submarine deal takes effect, it will substantially bond military-to-military ties between the two countries and crucially shift Thailand's geopolitical posture from a traditional hedging among the major powers to a lopsided embrace of Beijing. The Thai military government's deportation of Uighur asylum seekers in July 2015 complicated Thailand's international standing and reinforces the Bangkok-Beijing axis at the expense of the country's long-term geopolitical balance. It evidently led to a retaliatory bomb blast in central Bangkok on 17 August 2015.

To be sure, China has been a close big friend of Thailand harking back centuries when Siam was part of the Chinese tributary system in Asia, thanks to the fact that Thailand is near China without a shared border. The only blip in the bilateral relationship was during communist expansionism in the Cold War but it quickly went away by the mid-1970s and the Bangkok-Beijing axis was fully restored by December 1978 when Vietnam invaded Khmer Rouge-controlled and Beijing-backed Phnom Penh. By then, Thailand and China were on the same side fighting the Soviet-backed, Vietnam-supported Heng Samrin regime. But moving too close to China and putting too many eggs in the China basket was inadvisable. At minimum, it revealed government weakness and desperation for superpower recognition in view of the Thai military's two coups in a decade. Sending back the Uighurs to China to accommodate Beijing while Thailand incurs international opprobrium merely shows to the military's willingness to sell out Thailand's traditionally masterful and clever foreign policy pragmatism on the rough-and-tumble global canvass. Thai leaders should make a persuasive argument of why submarines are needed, how they might be financed, and why they are not being considered from more established submarine producers. Doing so would enable Thai leaders to steer Thai foreign policy directions back into a moving equilibrium, neither too much China nor too much the other major powers.

### **Thai-US relations in the regional mix**

The relative decline in Thai-US ties in the early twenty-first century was partly inevitable because of structural changes in the region and in the international system more broadly. The Cold War provided an enabling environment to shape and solidify Thai-US relations. Thailand has long been famous for its ability to

navigate the treacherous waters of colonial expansionism and First and Second World Wars by playing off and balancing the major powers. But when it came to communist expansionism during the Cold War, Bangkok firmly took Washington's side. The end of the Cold War and its immediate aftermath in the late 1980s and early 1990s left Thai-US relations adrift in search of new bearings. At the same time, domestic political changes within Thailand impinged on the bilateral alliance. After Thailand's sustained economic development during the Cold War decades, democratisation gained momentum and reached a critical juncture in the mid-1990s when it appeared that Thai democracy was on its way to consolidation, even though Thailand's economic prowess came to a halt in the 1997–98 years as the epicentre of the Asian financial crisis.

The ensuing years of China's rise and resurgence and America's pre-eminent but challenged power in the wake of the post-9/11 "war on terror," also spelt changes for the neighbourhood. America was no longer the paramount power in absolute terms, as it had been in the past. China was "rising," as was ASEAN. The uplift of Thai democracy culminated with the electoral supremacy in 2001 of Thaksin Shinawatra, a former police officer and consummate politician with a telecommunications empire and extensive networks in business and the bureaucracy.

Under Thaksin's rule, which began with immense electoral popularity but which was later tainted by corruption and abuse of power, Thai-US relations appeared to have found a new footing. As the war on terror got underway, the Thai-US alliance strengthened to a newfound understanding in October 2003, when Washington designated Thailand as a major non-NATO ally in view of a number of agreements that were put in place to boost US security objectives and lift trade ties. But this promising new era for the bilateral relationship was short-lived as both the war on terror and President George W. Bush's presidency waned in tandem with anti-Thaksin protests in Bangkok.

By the time the Thai military staged a coup in September 2006 to depose Thaksin, the bilateral alliance was back in an "adrift mode," despite the efforts of the US ambassador in Bangkok who channelled relatively lenient criticisms of the coup by the State Department. The United States' forbearance was not enough, however. The domestic setting in Bangkok had soured so much against Thaksin that it irreparably politicised Thai-US relations, deepening the Thai people's distrust of Thaksin as

much as the Bush administration had confidence in his rule. There was little that American officials could do through subsequent ambassadorships in Bangkok and State Department outreach to put the relationship on an even keel. Thai domestic politics dominated bilateral relations. By May 22, 2014, when a sequel coup was carried out in Bangkok which was contrary to Washington's political outlook and preference, the alliance was not just adrift but became fully lost at sea. Washington was much harsher in its criticisms and punitive measures this time because American officials felt they had been misled in the belief that 2006 was just a "time-out" for democracy, rather than a long suspension as happened in 2014.

The future of the Thai-US relationship depends more on Thailand's domestic political outcomes than those of the US. As the royal succession looms, the Thai domestic sphere is increasingly contentious. The Thai political order that grew out of the Cold War, anchored around the monarchy, military, and bureaucracy, is in desperate need of recalibration so as to be compatible with growing demands and expectations spawned by economic development and democratisation. After Thailand's two coups in eight years, Washington's repeated calls for the restoration of elections and democracy have further deepened the bilateral estrangement between Thailand's ruling military regime and the US government. As a result, the Thai-US alliance has underperformed as Thailand is stuck in a domestic holding pattern. The geopolitical implications are far-reaching as Thailand's military regime and conservative establishment have found succour in Beijing's recognition and support.

To be sure, Thai-US relations were never going to be as staunch as they were during the Cold War era. Yet there can still be a solid and mutually beneficial relationship for Thailand's traditional balancing among the great powers and for the US in its geopolitical engagements in Asia in view of Washington's strategic "rebalance" to the Asia Pacific. Thailand is the United States' oldest friend in Asia. The friendship became a formal alliance in the latter half of the twentieth century. It is now overdue for another transformation from alliance to an "allied partnership"—an ally in principle, but a partner in practice in view of mutual concerns and benefits. The bilateral alliance of the Cold War is long past and will not be recaptured owing to structural shifts in the region and internationally. Yet the more China is central in Bangkok's strategic framework, the more Thailand needs the US alliance. Moving too close to China is inadvisable for Thai foreign and security policy planners. At a minimum, it exposes the Thai military government's weakness and desperation for

superpower recognition in view of its twin coups. Further, a lopsided Thai-Chinese relationship risks pushing Bangkok onto the wrong side in a complex superpower rivalry, and cosyng up and catering excessively to Beijing betrays Thailand's traditionally masterful and clever foreign policy pragmatism internationally. Thai leaders need to steer Thai foreign policy towards a new moving equilibrium—neither too much China, nor too much the other major powers.

Here is where the future of the Thai-US alliance should be situated once Thailand's domestic dilemmas over the royal succession and a recalibrated political order are sorted out. For the US, Thailand remains essential in any strategic “rebalance” and in any future foreign policy strategies. Forfeiting Thailand to China would be detrimental to Washington's long-term “core” interests in Asia. Yet the alliance will have to wait for Thai politics to catch up. Meantime, both sides' policy elites should accept that the near future will not be like the recent past and that during the next two decades, Thailand will be even more of a partner than an ally in the bilateral alliance, with closer proximity to China in a remixed positioning among the great powers. Although it will be different to that during the Cold War, the Thai-US alliance can still be a mutually beneficial force to reckon with for both peoples across the Pacific.

## **Implications for the defence sector**

Unsurprisingly, military rule has been a steady boon for military expenditures in Thailand. Defence spending for fiscal year 2016 was slated to increase by 7 per cent year on year and account for 1.5 per cent of GDP, or 8 per cent of the total government budget, according to IHS Jane's figures. Transparency in Thai defence procurement has been dismal, and arms purchases have become increasingly diversified compared to the Cold War. With Japan's recent security legislation that allows arms exports, there is substantial space for Japanese companies to play a balancing role in weapons procurement in the region. Thailand's military is not in any sort of arms race but it appears intent on using this window of power for arms modernisation that benefits corporate and possibly personal vested interests.

Until a semblance of civilian control over the military returns, Thailand's defence sector is expected to be opaque and a power unto itself. Much of the military's legitimacy derives from the endgame of the royal succession and hence until this

event takes place it will be difficult to rein in the ruling generals. At the same time, Thai civilian leadership has been woefully weak. Leaders who were strong at the polls proved incapable of maintaining integrity and longevity in office, whereas other civilian alternatives, such as the opposition Democrat Party, have been repeated loser at the ballot box. The Thai military is likely to dominate politics indefinitely until succession takes place, after which utter uncertainty and volatility will ensue. What the Thai defence sector needs is more seller choices for leverage and balance.

