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**Reconciling Burma/Myanmar:
Essays on U.S. Relations with Burma**
Edited by John H. Badgley

*With contributions from Robert H. Taylor,
David I. Steinberg, Helen James, Seng Raw,
Kyaw Yin Hlaing, and Morten B. Pedersen*

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Foreword

An intellectual “tectonic shift” is underway, making a precarious policy even harder to justify. This rather unusual issue of the *NBR Analysis* does not stem from an NBR-sponsored project or study. Instead, it emerged as an initiative from an extraordinary assemblage of Burma scholars, all of whom regard last year’s announcement of a “road map” for constitutional change, the ongoing progress toward cease-fires with ethnic insurgents, and the worsening impact of sanctions on the general populace, as an opportunity to re-examine U.S. relations with Burma. Recognizing that the current situation may be conducive to taking a fresh perspective, and noting the significance of so many top Burma specialists reaching similar conclusions and working together, we decided to publish their essays.

The scholars in this volume represent a range of perspectives. What is especially notable is that they collaborated in this enterprise and concur that the U.S. policy of sanctions is not achieving its worthy objective—progress toward constitutional change and democratization in Burma. Moreover, as some of these authors argue, viewing U.S.-Burma relations solely through this lens, important as it is, may be harming other U.S. strategic interests in Southeast Asia, both in terms of the ongoing war against terrorism and long-term objectives regarding the United States’ role as a regional security guarantor. The desperate humanitarian situation in the country, as detailed in many of these essays, and concerns about possible WMD-related activities only underscore the importance of looking at this issue again. U.S. policymakers in particular ought to consider whether it is now appropriate to take a more realistic, engaged approach, while easing restrictions on humanitarian assistance, programs to build civil society, and the forces of globalization that are needed for the Burmese peoples’ socio-economic progress and solid transition to civilian government and democracy.

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Richard J. Ellings
President
The National Bureau of Asian Research

A Note on Burma/Myanmar

The military government of what is now officially known as Myanmar Naingngan (the State of Myanmar) abandoned the older and more familiar name of the country, Burma (or the Union of Burma) in 1989. As a result of the authoritarian nature of regime, the United States and many European countries have refused to recognize the change in nomenclature, as has some of the domestic political opposition, in particular the National League for Democracy.

This controversy masks a number of complex issues in Myanmar's history. During the colonial period (1824–1948), a term previously used for the territory under the kings of the central Ayeyarwady valley, “Myanmar,” fell from use. Rather, importing the European idea of a nation-state, where ethnicity and territory are seen to be coterminous, “Burma” became the common name for the area governed by the kings from Inwa (Ava), Amarapura, and Mandalay. Burma was derived from the idea of the territory of the Burmans (Bama), the majority people whose language, Burmese (Myanmar), is the official language of the country.

By the late colonial period the term Myanmar had largely fallen from common usage. Instead, Burman/Burmese (Bama) became most frequently used. Largely forgotten by English-medium historians was the term “Myanmar,” although it had been used in the 1920s as the title of the leading nationalist organization of that period, the Myanma Athin Chokkyi (the General Council of Burmese Associations), and in the 1940s by Prime Minister Ba Maw's Myanmar Wunthanu Aphwe (Myanmar Nationalist Organization).

The 1948 Constitution of the Union of Burma was an attempt to create a modern, plural society and federal political system out of the ethnic divisions of the country, the most significant of which was the difference between the lowland Burmans and the upland minority peoples such as the Shan, Kachin, Chin, Karen (or Kayin), Karenni (or Kayah), Wa, Pao, Palaung, etc. Myanmar might then have become the collective name for all the ethnic groups and territories, rather like Britain is the collective term for England, Scotland, Northern Ireland, and Wales. However, because the term did not come back into usage by non-Myanmar speakers until the controversial period of the military government in 1989, it remains contested.

In the essays that follow, each author has used the terms according to their preference, although generally Burma has been used to describe the period before 1988, Myanmar for the SLORC/SPDC period, Burmese (or Myanmar) to refer to the citizens of Burma/Myanmar (from all ethnic groups), and Burmans for the country's majority ethnic group. No political connotations are implied by this, and none should be inferred.

Editor's Note

The essays in this volume reflect the opinions of each author and are not designed to be harmonic. Indeed, the reader will find dissonance, but also uniform agreement that U.S. sanctions on Burma are not achieving their goal, and instead have inflicted considerable pain on the current and future generations of Burmese.

The foundation for each writer's views of conditions inside Myanmar is shaped by their experience there, their mode (and motive) for researching the questions under consideration, and their command of Burmese. Living for years with ordinary Burmese, attending public schools, and earning a living within the country, creates a mindset different from that of the visiting scholar. Kyaw Yin Hlaing and Seng Raw write with the authority that comes from being raised and educated within Burma under military rule. They speak from inside the box.

The rest of us are outsiders, in that none of us were schooled in Burma. Morten Petersen is a native of Denmark, a doctoral candidate at the Australian National University, and has lived and worked in Rangoon since 2000. His interests focus on humanitarian issues; consequently, his research has taken him into distant regions. He writes with authority about the country's many crises. In the 1950s, David Steinberg administered Asia Foundation projects in Burma, and later ran USAID programs and conducted research on the country's political economy. I also undertook field research at that time, and have returned often this past half-century. During my visits, I interviewed and collected data about community and national leader values, as well as acquiring archival materials for Cornell University. Both David and I are Americans. Bob Taylor, whose language study and doctoral research in the 1970s was on Burma's pre-war elite, has continued to study post-war political elites, both military and civilian. Helen James is an Australian with a doctorate from the University of Pittsburgh, who has lived and worked in Thailand for 14 years. In the past decade she has shifted her interest to Myanmar and has served as senior advisor in the Australian Departments of Foreign Affairs and Trade, and to the Prime Minister and Cabinet. Her research has focused on the junta's administration; her analysis draws upon government-generated data, as well as from frequent trips to projects around the country with the approval of the government. She is the most positive of our contributors about the military leadership's capacity to administer development and generate, over the long term, a democratic political system.

I approached NBR to publish these essays after drawing the writers together by email in September 2003. The timing seemed appropriate. Prime Minister Khin Nyunt presented his

“road map” on August 30, and by September 10 the core group of writers had agreed to a division of labor and timeline. Several knowledgeable scholars were unable to participate due to our time constraints, while our two Burmese authors joined later, in response to our pleading, to analyze the internal situation, especially the reconciliation process among the minority parties. I am especially grateful for their volunteer contributions under such severe time constraints, without prospect for remuneration, and at some risk to their future careers.

I believe we share this view of the situation as expressed by a senior monk interviewed by Kyaw Yin Hlaing: “I’m sure the Western countries have good intentions. They might really want to help us obtain democracy. But the truth is, those pro-democracy people abroad and the Western governments have their own fantasy as to what things should be like in Myanmar. They probably even have a fantasy as to what things are like in Myanmar now. Thus, when they look at Myanmar, it is always from their perspective. They don’t pay attention to what we really want and how we want things to be. We have become the victims of their fantasies.”

These essays, we hope, will contribute to providing readers a more accurate and nuanced understanding of the situation in Burma. They will also outline more appropriate and effective ways for Western governments to handle relations with Rangoon.

John H. Badgley
Seattle, February 2004

Executive Summary*

This volume contains essays on Myanmar's strategic situation, political future, socio-economic concerns, the likely efficacy of the regime's seven-point road map to political reconciliation and democracy, the actual impact of the current U.S. sanctions, and the challenges facing prospective donors and investors in a post-reconciliation Myanmar.

Myanmar is an overwhelmingly agrarian country, with 70 percent of its 50 million people engaged in subsistence farming. Agriculture constitutes half of GDP whereas industry (including mining, manufacturing, and trade) accounts for only about 10 percent. This asymmetrical economic profile means that international sanctions designed to inhibit the country's trade have only limited impact. They mostly affect the poor, especially urban women often dependent upon low-paid factory jobs, who are thrown into destitution when factories close because their export markets have disappeared. Sanctions have little effect on the ruling elite and, if intended to foster democratic governance, are demonstrably failing to achieve this end. Instead, sanctions are fostering nationalism and autarkic modes of economic and political behavior, and are entrenching an authoritarian political climate.

If the United States wishes to advance democratic governance in Myanmar it must use a different approach, one with more patience, more knowledge of the situation on the ground, more resources to foster Myanmar's development, and more respect for the capacity of the people to manage their evolution toward modernity. There are no cultural impediments to political change in Myanmar. The institutional and personal changes needed can be more effectively dealt with through suasion rather than through bullying, coercion, or the threat that

* This summary is based on a collection of seven essays written by some of the world's leading Burma scholars—John Badgley (Cornell University, ret.), Helen James (Cambridge University), Kyaw Yin Hlaing (University of Singapore), Morten Pedersen (International Crisis Group), Seng Raw (Metta Development Foundation), David Steinberg (Georgetown University), and Robert Taylor (SOAS, University of London, ret.). Recognizing that important political shifts have taken place in recent months within Burma, these experts have come together to assess the current political and economic conditions in the country, and to contrast the effectiveness of different international policies toward Burma. In their essays, as reflected in this summary, the authors delineate how these realignments can be matched by complementary shifts in U.S. policy.

accompanies sanctions. Myanmar's generals are instinctively pro-Western, despite their years of contrary experience, and an understanding of their situation will reap rewards.

Sanctions Have Not Worked in Myanmar

- Years of sanctions have not achieved their aim of regime change.
- The United States has no ammunition left if it continues to pursue sanctions.
- The application of sanctions makes the United States look strategically irrelevant in the eyes of Myanmar's neighbors.

Sanctions Have Been Counter-Productive in the Short Term

- They have undermined the position of the reformers within the military.
- They have strengthened the resolve of the opponents of reform in the military.
- They have made supporters of democracy in Myanmar appear as traitors, in the eyes of both reformers and opponents of reform within the regime.
- They have deleterious social effects on an already poor country.

Sanctions Will Not Work in the Long Run

- They provoke the military to expand the state's coercive capacities, as a matter of survival, thereby weakening the capacity of civil society to develop.
- They undermine the civilian administrative capacity of the state and emphasize the power of the army in administration.
- They weaken the intellectual strength and international understanding of both civil society and the military government.
- They hit the poorest segments of society with only marginal impact on the elite.
- They undermine Western influence in the country by making Myanmar increasingly impervious to the interests of Western nations.

- They ignore long-term strategic trends in Asia as China and India grow in power vis-à-vis ASEAN, and thereby undermine ASEAN while assisting China to the detriment of India.

Sanctions Ignore Fundamental Principles of Politics in Developing Countries

- There is no such thing as a hungry general—the army’s monopoly of violence can only be contained through economic development and the establishment of effective civilian governing institutions.
- Involving states and societies in the web of international trade and finance is the best way to link them to the norms of transparency and the rule of law.

Miscalculations and Failed Approaches Have Exacerbated the Crisis in Myanmar

Political, social, and economic miscalculations have been evident in the policies of all internal and external actors in the Burmese tragedy. The military, the opposition, and the minorities have all exacerbated the problems of reconciliation and development, as have international participants in this drama. These problems have been compounded by a growing sense of rigidity on the part of all involved, stemming partly but not completely from the May 1990 election, resulting in increased difficulties in resolving confrontations. A strong sense of hierarchy in Myanmar and the isolation of the leadership from alternative approaches impede change. The United States has had a single, ineffective focus on a narrow definition of human rights, while ignoring larger societal as well strategic and regional issues that also need to be taken into consideration. By concentrating on the end *product* of elections, the United States has ignored the all-important *process* of democratic transformation. Its policy of sanctions has created a backlash which has made its principal objective, “regime change,” less likely.

The people of Myanmar need and deserve a greater say in governing their country. Failure to provide decent human welfare and security consonant with the country’s great natural potential is closely linked to lack of popular participation in decision making. Tragically, the configuration of power and interests inside Myanmar is not conducive to major, immediate change—and the international community has no “magic bullets,” no realistic policy options

that might alter this. What are needed instead are efforts over the longer term to change political, social, and economic realities in ways that facilitate domestic pressure and capacity for reform.

Removing Sanctions and Providing Aid are a Long-Term Investment

There is a danger that removing sanctions and providing aid for nation-building and sustainable development could reinforce the power of the military and impede progress rather than propel the country forward. This risk might be unavoidable in the short term, yet without such support the multi-layered conflicts in Myanmar will continue, the crisis will deepen, and establishing sustainable and effective civil institutions apart from the state will be much more difficult. For Myanmar to evolve into an effective democracy, long-standing center-periphery conflicts must be resolved, the civil service must be reformed and rebuilt, civil society must be strengthened, and broad-based socio-economic development must be ensured. Aid and trade cannot bring this about themselves—they can only be a contributing factor. However, while a premium must be placed on mobilizing domestic will and resources through dialogue and capacity-building, the importance of aid—as a catalyst for domestic initiatives, as well as a supplementary resource—should not be underestimated.

The impact of sanctions on Myanmar's export market has been seriously skewed by the West's embargo policies. While promising investment growth in the early 1990s was severely curtailed by the Asian financial crisis of 1997–98, subsequent EU consumer sanctions and U.S. restrictions on all trade and investment have been damaging. Of equal gravity is the lack of multilateral and bilateral aid. The West took a dangerous turn when it focused solely on human rights and democracy in its relations with Myanmar, leaving other strands of policy unattended. As a result, the landscape of Myanmar's external relations has been altered by its growing dependence on China for assistance, both military and economic, as well as for investment and trade.

Changes Under Way in Myanmar Should Prompt a Reorientation of U.S. Policy

Myanmar's neighbors created the Association of South East Asian Nations (ASEAN) in 1967 in response to strategic threats from the global powers embroiled in Vietnam and in order to mitigate the overwhelming pressure of U.S., European, and Japanese trading net-

works. Myanmar chose an isolationist path at this time, however, thirty years later, in 1997, Myanmar shifted from isolation to regional integration and was accepted, along with Vietnam, Cambodia, and Laos, for full membership in ASEAN. This new approach reflected the Myanmar government's awareness of geo-political changes taking place throughout Asia. The collapse of the Soviet Union, the growing importance of a knowledge-based economy, and the growth of international trade were moving the entire region toward a more integrated financial and economic system. Yet the United States has exercised its considerable legal and financial arsenal in an attempt to curtail Myanmar's integration into ASEAN and the World Trade Organization (WTO). The policy of isolation has hurt the citizens of Myanmar, reduced U.S. leverage with its allies in Asia, and is cutting into important U.S. interests in this vital region. It is time to re-visit this policy and return to the traditionally innovative financial and economic practices that fueled Southeast Asia's rapid growth in the past. After a four-decade delay, Myanmar's government now may be committed to joining its neighbors in sustained, regional development, although experience teaches that without external support, fear of reform could overwhelm the commitment. It is clearly in the long-term interests of the United States, on every count, to support this objective and nudge this process along.

In Myanmar it is especially important now that comprehensive rehabilitation and reintegration programs be established for both civilians and members of armed groups. In this context, it is useful to recall the experience of the USAID-funded Post-War Mozambique Project, where demobilization and the return to civil society of former combatants were regarded by both national politicians and international donors as vital to the country's future and stability. Indeed, in Myanmar's case, it can be argued that reconciliation efforts between soldiers of ethnic minority forces should be started as early as possible—even before demobilization has begun. The reconciliation process between the army and ethnic insurgents has already started, yet the international community still fails to grasp the opportunity it affords and respond to minority needs.

Finally, it is important to stress that any form of international aid program, including resumption of bilateral aid, should give priority to those regions of greatest need. Regard must be given to the conditions and grievances that have underpinned Myanmar's political and ethnic crisis for over five decades since independence. In this respect, it is vital to bear in mind that the ethnic minority states have been critically disadvantaged and generally lag far behind the rest of the country in terms of infrastructure and economic development, especially in power generation, transport, and telecommunications. The international community has too often responded to the humanitarian and development challenges in Myanmar in terms of separate "crises" or "emergencies" (such as narcotics, HIV/AIDS, poverty, refugees, or infrastructure),

but has failed to understand the centrality of the ethnic nationality cause to these issues. At this vital moment in Myanmar's history, international agencies should realize that continuing to approach humanitarian and development problems in singular ways will actually accentuate differences between nationalities rather than solve long-term problems and integrate civil society, which has long been the desire of the ethnic minority peoples. Ethnic inclusiveness and understanding, therefore, must be an essential feature in meeting the vital challenges of reform and progress that all the peoples of Myanmar face in the twenty-first century.

Strategic Interests in Myanmar

John H. Badgley

U.S. Interests

Since the end of World War II, the United States has wielded enormous influence in Asia, although some see the efficacy of U.S. policies in decline across the region. The essays in this volume document that decline with regard to Myanmar. What interests does the United States have in its relations with Myanmar today? The highest priority in recent years has been concern for human rights and the U.S. determination to shift power from the military regime to the victors in the 1990 election, the National League for Democracy (NLD). However, Washington can no longer ignore Myanmar's strategic location between India and China, the world's two most populous countries. As a result of sanctions, U.S. influence over Myanmar has declined while China has advanced its interests. Related to these two concerns is the potential for state collapse in Myanmar, which would threaten the stability of the country's neighbors. Finally, for years Myanmar's inability to control illicit narcotics production and export has troubled the United States as a major consumer of those drugs.

An examination of U.S. relations with Myanmar reveals four broad periods:

1) Historical legacy—Since the start of World War II the United States has engaged Burma for strategic reasons. Thousands of American airmen died while flying the Hump; indeed, the search for their remains continues today with the cooperation of the Myanmar

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military. Hundreds of U.S. soldiers parachuted into northern Burma, where they gained safe harbor and joined Kachin guerrillas fighting the Japanese. That legendary action left an indelible impression on both the Americans and Burmese, and remains an important strand in our historical relationship.¹

2) Cold War engagement—Until 1962 the U.S. government and private foundations dispatched missions to Burma in every conceivable field, and became a major source of foreign aid and economic advice. Trade and foreign investment also expanded, but became the target of socialist politicians and General Ne Win, who distrusted capitalist entrepreneurs. Ne Win's coups in 1958 and 1962 advanced the ideology of socialism along with military control.

The Burmese refused further American aid in 1963, and rebuffed a U.S. offer of assistance to Rangoon in the late 1960s when the Chinese Cultural Revolution spilled into Burma and re-ignited a communist insurgency. Ne Win viewed the aid offer as running counter to Burma's security interests, as it meant abandoning non-alignment, the cornerstone of Burma's foreign policy. The First Party Congress of the Burma Socialist Program Party (BSPP) re-affirmed this line in 1971. But at the Second Party Congress in 1973, a group of active army officers from the field commands were elected to the Party's Central Committee, and they brought a sense of the need to break out from Burma's isolation.

Within this more outward-looking group were senior officers who cautiously accepted a U.S. approach in 1974 to discuss a counter-narcotics programs. This led to a project providing a dozen helicopters and four fixed-wing aircraft for operations against narcotics traffickers in the Shan State. While controversial within Burma and the United States, this program opened a forum for dialogue and provided a foundation for expanded relations. In 1976 and 1977 Burma greatly expanded its ties with various UN agencies, and in 1978, largely as a result of the counter-narcotics program, the United States and Burma agreed to a renewed assistance program.²

¹ In fact, American ties with the Burmese extend much further back. The first American Baptist missionaries, the Judsons, landed in Burma during James Madison's presidency in 1813. Another American Baptist missionary, Eugenio Kincaid, was King Mindon's emissary to President Buchanan in the 1850s, and sought American assistance against the British. A trickle of Burmese students (mostly Karens) began attending U.S. colleges before the Civil War, returning to leadership positions in their communities as educators, ministers, and professionals. It was not surprising after independence that Burma's first prime minister, U Nu, turned to the United States for assistance.

² David Steinberg contributed most of this section based on his experience as administrator of the USAID's Burma program during this period.

3) Liberalization—It is in this context of broadening international ties and expanding prosperity that one finds the genesis of political liberalization that created the circumstances leading to the 1990 election. As a result of this liberalization, civilian participation in local and regional governance expanded. While the 1988 uprising was tragic, that event should not obscure earlier progress—political freedom, human rights, and economic development—following Burma’s re-engagement with the United States and the United Nations after 1974. Since 1988, the United States has narrowed its interests to focus almost entirely on the NLD and its leader, Aung San Suu Kyi, subordinating its response to the junta’s actions to the priorities of the NLD—namely, to demand the return of democracy, a reduction in opium cultivation, and opposition to the junta in every way possible short of warfare. Now, following the U.S. invasions of Afghanistan and Iraq, even that option is being advocated by some Burmese expatriate groups.

4) Sanctions vs. re-engagement—Three private groups within the United States continue to seek engagement with Myanmar: energy companies with exploration partnerships, humanitarian non-governmental organizations (NGOs) searching to expand tiny aid programs in the Kachin and Shan States, and Burmese expatriates who retain close ties to their families and witness the negative impact of sanctions on ordinary people. However, both Democratic and Republican administrations since 1988 have withdrawn from engagement, showing reluctance to tackle Myanmar’s rising health crisis, with the exception of concern for HIV/AIDS, which has spread broadly through the population. In 2002, compelling data about the enormity of the problem led U.S. health experts to persuade the Bush administration to pledge \$1 million to support Myanmar’s HIV/AIDS program.³

U.S. sanctions on trade and investment were first applied in 1997, strengthened in March 2002 with a congressional resolution, and increased to restrict any trade in U.S. dollars following the May 30, 2003, attack on Aung San Suu Kyi’s motorcade. The Senate and House have overwhelmingly supported the sanctions. Now, however, the convergence of several Asian powers’ strategic interests in Burma suggests it is time to reexamine U.S. interests in Myanmar.

The cost of our non-engagement is high. To stand aside invites the very destabilization that all fear, as subsequent essays in this volume discuss in detail. On the issue of humanitarian aid,

³ The Global Fund to Fight AIDS also supports tuberculosis treatment through its clinics, Myanmar’s second priority communicable disease after malaria. In 1997 the Ministry of Health created the “directly observed treatment short” course (DOTS) strategy in treating tuberculosis in collaboration with the World Health Organization. The DOTS strategy has now covered 323 townships out of 324 in the country, and attributes its achievements partly to assistance provided by the Global Drug Fund.

faith-based organizations working in Myanmar speak with authority, as do public health practitioners specializing in Southeast Asia. Data on the mounting health crisis is compelling, especially when both Christian and Buddhist faith-based NGOs advocate a return to traditional U.S. humanitarian support.

Myanmar's Interests

What are Myanmar's strategic priorities? Many foreigner observers, especially since the ascendancy of the military regime, focus on weaknesses in Burmese society. Concerns for economic well-being, freedom of expression, democracy, and progress (as defined in the West) have dominated the debate on Myanmar, often without reference to the priorities that the junta's leaders seek to defend. Consider this brief catalogue of strategic interests in the minds of Myanmar's leaders:

Unity—Cohesion is evident within religious communities. The cycle of festivals, donations, the parallel activities of Buddhist, Muslim, and Christian faiths in the rituals of daily life, is taken as a matter of course by most citizens. Even tribal animists share with most Burmese recognition of *nats*, spirits of transcendent natural force that need to be propitiated. Likewise, many consult with astrologers for guidance. Most villagers, Buddhists as well as Christians and Muslims, have blended or fused this ancestral faith. There is remarkable toleration of, even enthusiasm for, religious institutions. Tragically, tensions between Buddhist and Muslim communities have been rising and appear to have led to communal violence in some outlying towns and villages.

Foundations of power—One might ask whether the power of guns alone could have kept the military in power as long as it has? The military hierarchy is sharply defined and remarkably persistent. Could the military have survived and prospered as a regime if it were entirely at odds with the people's interests? Most Western analysts presume so, but a different case can be made that defending the social order created by the military and the Buddhist monks is at the heart of the leadership's security concerns.

Modern Myanmar has evolved as a society of mutual dependency between military-secular and Sangha-sacred institutions. The civilian population propitiates both institutions, offering food and donations to the monasteries, offering their sons to both the Sangha (the monkhood) and the Tatmadaw (the military). The permanency of this sacred-secular framework is reinforced by the emergence of a new class, the young generation of men and women who are offspring of military families that have inter-married and propitiated the same monks

and senior military officers as their parents. Myanmar's rulers are even searching their past to recreate the language, relations, and functions of monarchical rule. Re-establishing the authority of central government is another priority for the regime, which becomes most evident when senior generals preside over functions as did the kings, descending on rural and urban public projects, "to give necessary instruction."

Acculturation—Education as practiced in Myanmar is considered by most outsiders to be a flagrant violation of its purpose elsewhere. And it is true that standards of achievement have dropped significantly even as the number of schools has radically expanded. Yet, if one compares society today to a half-century ago at independence, one finds a revolution in language use. Burmese is now the lingua franca, whereas instruction in ethnic languages was commonplace among minorities in the immediate post-independence years. English has become the country's second-language, taught from middle school through tertiary levels. While the vast expansion of schools has reduced the quality of teachers and student achievement, a premium remains on literacy and mathematical skills. Consider this plaque posted in English on many public high schools: "Our Vision—To create an education system that can generate a learning society, capable of facing the challenges of the knowledge age." Unfortunately, the economic downturn since 1997 is contributing to a significant drop-out rate.

Other vital cultural institutions—Music, culinary habits, dress codes, and popular fashion acculturate Burmese by blending their lives into a complex normative framework that eludes many observers. These myths, beliefs, and practices are the cohesion that military leaders are fighting to defend; the threat that they will erode as a result of intruding Western ways, including representative democracy, risks the order that the junta exists to protect.

Reconstituting society—Consider the society that the Burmans dominate: they account for two-thirds of the population; they mostly live in villages on the central plain and delta of the Irrawaddy; they dominate the officer class of the Tatmadaw; and they hold a world view fostered in textbooks of benign imperial rule by their kings, who sometimes led justified incursions into minority territories while seeking propitiation from neighboring Siam, Manipur, or Arakan. Resistance to those imperial patterns persist among the minority nationalities, who fight Burman domination through ongoing insurgencies.

Myanmar's first constitution offered autonomy for some "minority races" (ethnic nationalities) and offered the Shan and Karenni States the right to secede after ten years. But the idea of a "Union of Burma" was pervasive among Burmans, politicians and military alike, who sanctioned war against Karens, Shans, and others when they sought autonomy within, or sovereignty outside, the Union. For Burmans, their suzerainty was a given assumption once they escaped the British yoke. From afar, Myanmar seems like a country of ill-fitting ethnic

nationalities crammed into one state united only by a long-gone colonial power. John S. Furnivall, a British civil servant of great perspicacity, called this a “plural society,” but the traditions that shape the mindset of most people resemble parallel autarkies more than a plural system. It is not off-base to portray these ethnic nationalities as tolerating each other’s existence, but sharing little common memory and only a vague vision of integration into one society.

Foreign policy—The junta’s shift from isolation to enthusiastic membership within ASEAN in 1997 reflected major political changes under way throughout Asia. It was a startling departure for a country that helped found the Non-Aligned Movement and valued neutrality as a cornerstone to its foreign policy under both democratic and military rulers. However, the collapse of the Soviet Union, the softening of ideological rule in the remaining communist states (other than North Korea), the extraordinary expansiveness of Chinese economic and security ambitions, the growing importance of a knowledge-based economy, and the dominating influence of globalization through the GATT/WTO trading rules—all these have combined to move Asia toward an integrated financial and economic system, of which Myanmar’s leaders increasingly seek to be a part.

Major Asian Countries’ Interests in Myanmar

China

China’s strategic priority is to prevent Myanmar from falling under the influence of a power hostile to its interests. In pursuit of that goal, Mao Zedong and his successors offered packages of arms and military training to the Burmese, first to the insurgent Burma Communist Party (until 1989), and then to the Yangon government. Deng Xiaoping relaxed Beijing’s control over the provinces, which allowed Yunnan to pursue its own policies toward Burma. Thousands of Yunnan’s minorities—ethnic Wa, Tai, Kokang, Kachin, Lisu, and Akha—have moved across the border since the 1980s to buy land and open small businesses, accompanied by larger corporate investors from Kunming and more distant cities. That portion of the Burma Road from Lashio into Yunnan today hums with trucks running from Kunming to Rangoon, carrying goods as well as Chinese tourists, investors, and traders. In December 2001 Jiang Zemin toured Myanmar, and secured access to new naval bases that Chinese technicians helped construct, and renewed both commercial and military assistance programs—a policy that appeared aimed at denying India (or conceivably the United States) access to China’s back door through Myanmar.

Beijing successfully achieved its regional goal of expanded influence in Myanmar and economic growth in the distant and difficult province of Yunnan. But with China's leadership now acknowledging its own HIV/AIDS crisis, as the virus spreads via drug use throughout China, it is concerned because Myanmar is the source for much of a problem that challenges Beijing's as well as Yangon's control. This motivated Jiang to seek a joint drug eradication program with Myanmar, Laos, and Thailand, suggesting a new Chinese perception of the threat from Myanmar, and opening the possibility that Beijing may collaborate with the United States and Europe to counter opium cultivation and narcotics exports from Myanmar.

Japan

Japan's interests and policies toward Myanmar have been more consistent than those of any major power. Since recognizing U Nu's government in 1948, Japan has offered a steady stream of loans and grant aid, and more non-military assistance than any other country in the past half-century. One motive for this may be explained by the interest of veterans associations formed after World War II. Veterans' families continue to visit battlefields and cemeteries in Myanmar. The Japan-Burma Veterans Association is the largest of such international groups, and brings constant pressure on the Japanese government to assist Myanmar with development programs.

While investment and trade have recently declined due to international sanctions, the Japanese government's strategic competition with China has motivated it to sustain cultural, social, and technical assistance programs within Myanmar, although now at reduced levels. In the past decade China has far surpassed Japan in the amount and complexity of its aid and investment programs, although Japanese scholars and experts on Myanmar continue to popularize the country within Japan. Small and medium-size Japanese trading companies continue to operate in Yangon despite pressure from the West.

India

India has a 1,600 km border with Myanmar, only marginally shorter than Myanmar's border with China. It also fostered a number of cultural traditions within Myanmar, such as the Pali script, Sanskrit classics, and the Jataka tales. That cultural heritage explains the extraordinary popularity of Bollywood films throughout Myanmar, which far outsell Chinese

productions. Both countries had a common experience under British colonial rule—India and Burma struggled to gain independence from Britain after World War II, and both countries viewed UN membership and neutrality as cornerstones of their foreign policy throughout the Cold War. General Ne Win’s 1962 coup chilled Myanmar’s relations with democratic India, a frost that deepened when Ne Win nationalized all private businesses and forced several hundred thousand citizens of Indian heritage to flee Myanmar.

Myanmar has posed no risks to India’s security during the past half-century, apart from occasional forays by Naga tribesmen into India’s northeastern provinces, but relations became problematic after Myanmar signed a military aid agreement with China. China’s low-interest loans and barter programs financed the technical assistance to construct naval facilities on the Andaman coast. This development was destabilizing for New Delhi. As early as 1994 General

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Khin Nyunt guided Myanmar’s rapprochement with China, and from New Delhi’s vantage this challenged the region’s strategic balance. In 2001 Indian Defense Minister George Fernandes took a first step to balance China by visiting Yangon, overcoming his government’s reluctance to engage Myanmar. General Maung Aye, Myanmar’s deputy commander-in-chief, subsequently toured India

with a large entourage, followed with exchange visits by both foreign ministers. In November 2003 Indian Vice President Bhairon Singh Shekhawat toured Myanmar, a de facto balance to Jiang Zemin’s 2001 trip. India is restoring cordial relations, attempting to equalize China’s burgeoning influence and prevent Myanmar from falling entirely into China’s sphere. At the conclusion of Shekhawat’s visit, Khin Nyunt’s spoke of “escalating bilateral amity,” seeing the visit as helping “to lay a solid foundation for the promotion of bilateral cooperation in the economic, trade, education, health, science, technology, and cultural exchange sectors.” Both private and public investors from India are returning to Myanmar, facilitated through both countries’ membership in BIMSTEC (the Bangladesh-India-Myanmar-Sri Lanka-Thailand Economic Cooperation forum).⁴ This demonstrates that ASEAN and China are not Myanmar’s only Asian options for either military or economic assistance, or trade development.

⁴ BIMSTEC began as BISTEC in June 1997 at a meeting of the trade ministers of four member countries, and in December 1997 expanded to include Myanmar, thus incorporating the entire rim of the Bay of Bengal within its membership. The director-general of the World Trade Organization attended the meeting of BIMSTEC trade ministers in New Delhi in April 2000. In February 2004, BIMSTEC members signed a landmark Framework Agreement for a Free Trade Area, which is widely seen as a major step toward greater free trade between South and Southeast Asia.

Australia

Australia followed the lead of the United States and the European Community after the 1988 uprising and imposed sanctions on Myanmar until several Australian corporations elected to resume investment energy exploration in the Andaman area. In time smaller investors looked for agriculture and infrastructure projects; and by 1997 Foreign Minister Alexander Downer abandoned any residual confrontation as the government of Prime Minister John Howard, with its philosophical assumption that sanctions do not work, adopted an engagement policy to bring about change. Cooperative agricultural projects to improve food security became a feature of Australia's engagement policy, along with accelerated assistance programs involving both governmental agencies and NGOs working on humanitarian and human rights. While Australia has been criticized by human rights groups, the junta has relations in more areas with Australia than with other Western democracies, giving Canberra more access within Myanmar.

Thailand

Thailand is a staunch member of the Association of Southeast Asian Nations (ASEAN), but has had a much longer and more complicated relationship with Myanmar. Both countries have strong Theravada Buddhist traditions, yet remarkably different interpretations of wars between the two neighbors in the 16th and 18th centuries have led to widespread mutual animosity. Although latent hostilities and disputes over drug trafficking have led to cross-border conflicts, there are hundreds of joint Thai-Burmese investments along the border (exploiting both legitimate trade opportunities as well as smuggling opportunities). Repeated surges of refugees fleeing Myanmar since 1988 incorporate those who genuinely seek freedom with others for whom Thailand offers economic opportunity. Upwards of one million Burmese refugees and workers reside in Thailand—a serious challenge for the Thai government. Likewise, the Thais have posed problems for the Burmese since independence, when the Kuomintang (KMT) established bases in the eastern Shan State and northern Thai provinces after fleeing China in 1950, with tacit Thai support. Other insurgent groups, especially Karen, Mon, and Shan independence armies, have also depended on Thai sanctuaries to attack the Burmese army and disrupt the economy.

Nevertheless, Thailand is now Myanmar's largest trading partner, although China has had the largest total trade volume over the last five years. In 2002 Thai Defense Minister Chavalit Yongchaiyudh attempted to broker peace talks between the Shan State Army (SSA),

an armed separatist group based in Thai-Myanmar border areas, and the Myanmar government, while in January 2004 it facilitated meetings between the Myanmar government and the Karen National Union (KNU). In 2003 Prime Minister Thaksin Shinawatra initiated a four-country trading bloc intended to eliminate import taxes. The Economic Cooperation and Security plan (ECS) aims to pull Thailand's neighbors—Laos, Cambodia, and Burma—out of poverty and solve economic and political problems in border areas, and was agreed upon in the Pagan Declaration at the conclusion of a four-country summit.⁵

Malaysia

Malaysia developed a special relationship with Myanmar in recent years because of long-time Prime Minister Mahathir Mohammad's unique role in Southeast Asia as a critic of Western capitalism and finance. The junta's leaders for a time found in Mahathir a powerful voice, although before his retirement Mahathir urged the junta to relax its restrictions on the NLD and accelerate its negotiations with Aung San Suu Kyi, and even suggested that ASEAN expel Myanmar from the grouping following the May 2003 attack at Dipeyin. In 2000 UN Secretary General Kofi Annan appointed a favored Malaysian diplomat, Razali Ismail, as his special envoy to help mediate the negotiations. Meanwhile, Malaysia retains a significant trade exchange with Myanmar, considerably behind China and Thailand among neighboring countries, but not far behind Japan.

Bangladesh

As neighbors, Myanmar and Bangladesh face a range of border problems that affect both countries, such as illegal migration, health concerns, and transnational crime, as well as broader ethnic and religious tensions. Relations between Dhaka and Yangon were civil following

⁵ Prime Minister Thaksin called the concept behind the summit "four countries, one economy." The Pagan Declaration calls for transforming the border areas of these countries into "a zone of durable peace, stability and economic growth." Thaksin summed up the leaders' intent: "We shall pool our strengths, pool our sincere hearts. We will put all our conflicts, misunderstandings away. In four or five years, we will see no border conflicts nor illegal migrants." Thailand pledged \$250 million annually for regional projects, announcing that a public organization under the Thai Finance Ministry would be set up within a year to open export credit lines for the three neighboring states. Modeled on the Japanese Overseas Economic Cooperation Fund, the credits aim to encourage financial support from Western donor nations. Separately, Thailand is also expected to offer Myanmar about \$50 million in the form of aid, and a low-interest loan to support construction of transportation links between the two. See Gail Billington, *Economic Intelligence Review*, November 20, 2003.

Bangladesh's independence up until 1978, when several hundred thousand Muslim refugees (Rohingya) fled Rakhine, Myanmar's border province with Bangladesh, a crisis that was repeated in 1990. Most refugees have been repatriated following UN intervention, but there are still outstanding problems on both sides of the border.

Both countries have comparable economic growth, although Myanmar had a head start with its wealth of natural resources. Both face the same difficulties in controlling population growth, HIV/AIDS, malaria, and tuberculosis, as well as educating their large, poor rural populations. Geopolitical location is one key difference between the two, for Bangladesh is inescapably influenced by India, whereas Myanmar has the option of balancing India and China. Another divisive issue is religion. As the war against terrorism has expanded and heightened tensions toward Muslims worldwide, the fragile equilibrium between Myanmar and Bangladesh and within Myanmar is being threatened. Bangladesh's large population is Muslim, which is threatening to the Buddhist Burmans; while the Rohingya Muslim minority in Rakhine feel threatened and repressed by the Burmese military. What could draw the two countries together is trade and agriculture, since Bangladesh is a net importer of food, especially rice, of which production is expanding in Myanmar.

Multilateral Organizations

Association of Southeast Asian Nations (ASEAN)

ASEAN celebrated its 35th birthday in 2002. The organization's core members—Indonesia, Malaysia, the Philippines, Singapore, and Thailand—had responded to China's rising interest in the South China Sea and expanding share of regional trade by inviting all countries in the region to join the group in the mid-1990s, a move which doubled ASEAN's membership to ten. Myanmar was among the last to join in 1997, and has since hosted a number of Association events as part of its effort to "catch up." At the same time, Myanmar has been ASEAN's most difficult addition, as its politics tend to steer the agenda at ministerial meetings away from general concerns. The impasse between the NLD and the junta led the Thai and Philippine delegations to argue for flexible engagement in 1998, and in 2002 to break ASEAN's non-interference principle and demand reconciliation, bringing further pressure on Myanmar to seek mediation. But ASEAN meetings leading up to the 2003 APEC summit in Bangkok passed without further incident.

While Vietnam, Cambodia, Laos, and Malaysia have supported Myanmar's concerns, despite heavy condemnation from the European Union (EU) and the United States, the issues have been divisive and have tended to delay regional integration. ASEAN operates on a consensus principle, so steps to incorporate the region's economy within the WTO, as well as to gain support from other UN and international agencies, have been somewhat frustrated by compromise with Myanmar's internal policies and practices. Nonetheless, ASEAN accepted Khin Nyunt's August 2003 road map for a constitutional democracy, again demonstrating the region's capacity to absorb political diversity within a common framework.

United Nations

The United Nations and its affiliated agencies have a long history of relations with Burma, the most extraordinary being U Thant's service as UN secretary general, the only Asian diplomat to hold the office. In addition to special missions from the secretary general and committees of the General Assembly, the World Health Organization, UNICEF, UNESCO, and the UN's narcotics control agency (as well as the International Bank for Reconstruction and Development, the Asian Development Bank, and the IMF) have all played important roles in Burma over the past half-century. However, most suspended or sharply reduced their programs after the NLD's 1990 election victory was ignored by the junta, although humanitarian assistance has continued at reduced levels.

Late in 2000, Kofi Annan appointed Ambassador Razali Ismail as his special envoy to press for Aung San Suu Kyi's release and to advance reconciliation. Her re-arrest following the May 2003 crackdown seemed to rupture his mediation effort, but pressure from the UN secretary general's office continues, although each side realizes that the transition will be extremely difficult to manage. After General Than Shwe relinquished his post as prime minister to General Khin Nyunt, the new premier released his road map to democracy which asked all external powers, including the United Nations, for time and freedom from outside pressure to reconvene the Constitutional Assembly, first appointed in 1992 but inactive since 1996, with a mandate to complete the new constitution "in the near future." The plan had no reference to the NLD, Aung San Suu Kyi, or other NLD leaders, but through subsequent presentations before the General Assembly the chorus of condemnation of the proposal has reduced while the process unfolds.

European Union (EU)

The EU has consistently favored limited sanctions against the junta, and has supported the UN agencies that are examining human rights abuses and the illicit narcotics trade, but also has provided assistance for relief from HIV/AIDS and other health crises. While the stakes for ASEAN in Myanmar are larger, there is a comparable concern for the EU in the outcome of the reconciliation process. Each seeks civil resolution of Myanmar's conflicts over standards of behavior, whether it is labor practices, human trafficking, narcotics, civil justice, or fair taxation. It is worth noting that the EU and ASEAN now hold regular consultations, hosted by rotation in Europe and Asia, on various issues, including discussion of Myanmar. As political reconciliation has not materialized, the EU has come under pressure from the United States, human rights activists, and other advocacy groups to toughen sanctions against Myanmar.

While the stakes for ASEAN in Myanmar are larger, there is a comparable concern for the EU in the outcome of the reconciliation process.

However, within Europe policies towards Myanmar are not uniform. Britain retains an affinity due to its colonial heritage, while France and Germany each have state-to-state interests extending back to independence. Each of the Scandinavian countries—Sweden, Norway, and Denmark—has independent interests in Myanmar stretching back to the East Asiatic Company, Maersk, and smaller colonial investments, as well as more contemporary political and humanitarian concerns. Each funds NGO activities, mostly among the ethnic minorities, while Norway hosts Radio Free Burma, a station offering Myanmar's citizens uncensored and independent news.

Non-State Actors***Foreign Corporations***

The multinational oil companies Premier Oil (Britain), Unocal (United States), and Total Petroleum (France) have all invested in Myanmar, although Premier Oil recently sold its Myanmar interests to Petronas (Malaysia), while PTT (from Thailand) has also increased its investments.

While the NLD and Western opponents to the junta have argued that oil revenues provide the largest legal source of foreign currency to the regime, it is an exaggeration to say that oil and gas investments are a major hard currency earner for Myanmar. As of the beginning of 2003, Myanmar had received no financial benefit from the sale of natural gas to Thailand apart from money to help pay its share of the investment capital. Profits may not begin to flow until 2005, depending on the amount of gas sold. Meanwhile, the initial payments companies made to the government in the early 1990s amounted to only \$5 million, a drop in the national budget.

The U.S. Embassy in Yangon reports that defense expenditures comprise half the government's budget, and that the number of armed forces personnel doubled in the past decade to 400,000—a cost burden partially met with hard currency earnings. Using this argument, Burma Campaign UK (BCUK) campaigned successfully for Premier Oil's withdrawal from Myanmar, and claimed success, although Premier's decision to sell probably had little to do with the campaign. Unocal has also been heavily criticized by human rights groups and Burmese expatriates in the United States and has faced questions at recent shareholder meetings concerning the use of army troops to move villagers along the pipeline and to commandeer labor from them. Notwithstanding these pressures, most energy corporations are committed to stay the course and eventually repatriate some profits from their multi-billion dollar investments in the large gas reserves in the Gulf of Martaban.

Campaign and Pressure Groups

Apparel exports skyrocketed over 800 percent from 1995 to 2000. However, over the past decade activists have succeeded in pressing major Western companies—including Kenneth Cole, Wal-Mart, Perry Ellis, Ikea, Crate and Barrel, Williams Sonoma, and the Spiegel Group (a mail-order retailer that owns Newport News and Eddie Bauer)—to abandon buying and retailing products manufactured in Myanmar. In 2002 Filene's Basement and Ames Department Stores also stopped purchasing Burmese goods, while lingerie giant Triumph International (which leased a factory from a military investment holding corporation MEHL) closed its Myanmar-based manufacturing site.

In Britain, BCUK has called for a ban on new investment in Myanmar, arguing that any major business deal with the regime could wreck the fragile talks that are under way in Yangon. BCUK contends that when the regime was bankrupt and on the verge of collapse in 1988 foreign multinational firms came to its rescue; it believes that it is now preventing history from repeating itself, claiming that pressure from the boycott movement, U.S. sanctions, and EU

measures have forced the regime to resume talks with Aung San Suu Kyi. BCUK has had considerable success with its broader campaign against trade and investment in Myanmar: British Home Stores, the Burton Group, River Island, and a significant number of travel operators have pulled out of Myanmar as a result of BCUK's activities.

Common Goals, Conflicted Means

This brief summary of strategic concerns within and about Myanmar, as well as of views held by Myanmar's neighbors and the major powers, reveals an obvious conclusion—that most stakeholders within the country and outside have common goals of sustained economic growth, improved standards of living, and enhanced recognition of human rights, along with a democratic process of governance. However, the means to achieve these goals are contested, with honest disagreement about how best to reconcile differences between the major political factions.

Nonetheless, significant changes that each of the contributing authors to this volume sensed beneath the surface within Myanmar in earlier years emerged in 2003, and provide evidence that the process of reconciling the country's interests with those of its neighbors is advancing. Innovative regional projects could deflate abrasive relations on all sides in the coming years. Leadership by heads of state in China, India, Thailand, Bangladesh, and Malaysia has been particularly effective in bridging the chasms created by past policies. Credit must also be given to new leaders emerging within Myanmar's military for advocating serious negotiations with opposition groups. The timeliness of these issues suggest that this is an opportune time for the United States to reconsider its interests in Myanmar and evaluate how best to achieve its objectives there.

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Myanmar's Political Future: Is Waiting for the Perfect the Enemy of Doing the Possible?

Robert H. Taylor

Introduction

Myanmar's strategic significance is heightened in the current war against terrorism. This requires the United States and its Western allies to re-examine their policies toward the country. Myanmar holds a crucial position at the hub of the Asian balance of power. Real and enduring interests are at stake. Tragically, real lives are being blighted by policies which ignore the complexities of Myanmar's place in global politics, as well as the country's complex political, social, and economic conditions. The politics of human rights is more complex and multifaceted than the ballot box alone; indeed, a long view on these issues requires a historical perspective to grasp what is politically feasible within the country.

In the post-Cold War period, U.S. policy toward Myanmar has been predicated on a fallacious assumption based on an incorrect analogy. Myanmar is not South Africa. Its politics are more complex than a battle of democracy versus authoritarianism. Western economic sanctions, applied against one of the poorest peoples and governments of Asia, have demonstrably failed to improve the situation of the country.

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The Myanmar army seized power in September 1988 because of the blatant failure of the ruling Burma Socialist Program Party's (BSPP) autarkic socialism. The country was virtually bankrupt and economically and technologically far behind its Asian neighbors. After a period of civil violence, military leaders seized power and opened up the country, seeking foreign partners in development and reform. However, that invitation to international engagement was rejected by those who, in the earlier circumstances of the Cold War, would likely have embraced the Myanmar military as agents of pro-Western change.

Within the military are reformers who understand the necessity of power-sharing and democratization, of liberalization and economic reform. However, Western policies designed to create a civilian democratic regime have solidified the hold on power of officers reacting against the West's demands. The U.S. policy of ever-tighter sanctions has undermined the positions of the reformers, delaying movement to create a role for civilians in governing Myanmar. Only a different policy might strengthen the process of democratization in Myanmar. Only a longer view can save yet another generation from losing the opportunity to create a viable civil society.

On what premise can one base a new approach to Myanmar? There are reasons to be cautiously optimistic about the prospects for constructive political change in the country. Prime Minister Khin Nyunt's road map of August 30, 2003, which would lead to a constitutional democracy, offers the United States an opportunity to engage the regime.

Evolutionary reform, rather than revolutionary change, is needed to reassure all of the actors within Myanmar that the future contains a meaningful role for them. Waiting for the perfect democracy to appear in Myanmar will prevent the creation of a power-sharing regime,

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for within the government those officials committed to a democratic process have had their voices stilled by the current sanctions and rebuffs. Redoubling the failed sanctions policy is an indication that the U.S. government is not considering its own long-term interests. Washington should be rethinking its Myanmar policy, as Canberra has and some Euro-

pean capitals are doing. Backing the reform process gives the United States an opportunity to help shape Myanmar's political future directly; standing aside and waiting for an ideal outcome precludes that possibility.

What Are Western Interests in Myanmar?

Why should the West care about Myanmar, beyond Aung San Suu Kyi's release and the transfer of power to the National League for Democracy (NLD)? Western investors with economic interests in Myanmar have largely moved out due to the sanctions policy (reducing Western governmental political leverage). Nonetheless, significant strategic interests are at stake. China's deepening involvement in Myanmar could shift the strategic center of power for all of Asia, as the United States once feared would happen in Vietnam. All governments of Myanmar have been aware of China more as a potential threat than as an ally. Being forced to rely on China for economic, military, and diplomatic support because ties with the West are denied does not come naturally to policymakers in Yangon, who prefer to maintain their distance and independence from their giant neighbor. This was demonstrated most clearly during the 1960s and 1970s, when Myanmar stood up to repeated Chinese provocations. Myanmar maintained its independence from China, while keeping the Burma Communist Party in check, at almost no cost to the United States while the Vietnam War was draining U.S. blood and treasure. Given a helping hand, Myanmar could again be an implicit ally of the United States and its partners in the region. The other nine countries in the Association of Southeast Asian Nations (ASEAN), as well as India, clearly recognize this—a fact that in itself should give policymakers in Washington pause. By continuing to isolate and ignore the long-term interests of the ASEAN countries, the United States is undermining its influence in the region.

Among the members of ASEAN, Thailand has the most immediate interests at stake in the future of Myanmar. Thailand's policies toward Myanmar under the government of Prime Minister Thaksin Shinawatra run counter to U.S. policies, and for good reason. The Thais are clearly concerned, as are all of Myanmar's neighbors, about any actions that provoke instability in Myanmar and might cause refugees and economic migrants to flee across their borders. Moreover, Thailand wrestled with its own opium and insurgency problems in the 1960s and 1970s (benefiting from significant U.S. military and economic assistance while doing so), and it understands the importance of Yangon's limited success on these issues in recent years. And while Thailand is now a democracy, its elected leaders recognize the immense difficulties involved in guiding political change in a society held back by poverty and years of conflict and military rule.

India, with which the United States has been developing closer strategic and economic ties, also sees Myanmar as a nation that needs to be engaged rather than ostracized. In addition to its strategic concerns, India's "Look East" policy sees Myanmar as a bridge for enhanced trade and other links not only with Southeast Asia, but also with China. India is a functioning democracy and an important asset for the United States in modifying its relations

with Myanmar; although strategists must remember that any leaders in Yangon will be as wary of an embrace by India as by China. The British swamped the colony of Burma with Indian labor and capital, which discouraged the growth of the indigenous business community. That grave deficit prompted the turn to socialism at independence and autarky in 1962. If the United States were to work positively with India, Thailand, and the ASEAN states, rather than opposing their policies of constructive engagement, liberal influences could be generated within Myanmar as well.

Myanmar is surrounded by major actors in global politics and economics, each of which has a history of difficult relations with the country. This situation provides Western powers with a historic opportunity in Myanmar. Working with new Prime Minister Khin Nyunt to help achieve a Myanmar version of democracy would not only bring political stability within the country, but could also help maintain the balance of power in Asia, reassuring all of Myanmar's neighbors. There is no apparent risk to world peace and stability from the Southeast Asian mainland now, but there is no guarantee that this will remain the case in the future.

With only a little effort, Myanmar could be an asset in the war against terrorism. Indeed, its government was among the first in Asia to offer support for the United States after September 11 by making its airspace available for military over-flights, the first time any Myanmar government has given such overt cooperation. Myanmar has had considerable experience with terrorism. Today, it is coping with its own Al Qaeda offshoots—several radical Islamist groups have now joined with separatist forces along the country's borders with Bangladesh (and more recently with Thailand). Myanmar's porous borders make the country an easy target for terrorist and insurgent groups bent on creating disorder for their own purposes, which often have little or nothing to do with Myanmar. The country's Muslim minority (about one million) has largely avoided extremist politics, but a few (from outside) may now be trying to exploit ethnic and religious differences. The United States and Myanmar, whatever their differences, now face a common threat.¹

Narcotics control is another issue in which both countries have common interest. Myanmar leaders are aggrieved that their efforts to eradicate opium cultivation by the northern hill peoples have been denigrated by the United States. They cite United Nations Office on Drugs and Crime reports that there is no evidence Myanmar officials are involved with the drug trade. Several ethnic groups and insurgent bands are involved, but the government's anti-drug program has had marked success recently. New investment is needed for alternative livelihoods in poppy-growing areas to sustain the drug eradication programs. To succeed, this

¹ As the U.S. chargé d'affaires said to me in Yangon in November 2001, "We have the same enemy now."

assistance cannot be limited to humanitarian aid but must offer materials and training in growing alternative crops, as well as new industries to create employment.

U.S. State Department officials now acknowledge the government's effort in this regard, but claim that not enough is being done to eliminate production of methamphetamines in the border areas. This position ignores that fact that drug control is an international issue, and that the trade is only partially in the hands of groups in Myanmar. Regional cooperation, as Myanmar, Thailand, China, Laos, and India together have recognized, is the solution. Control of precursor chemicals, which are not manufactured in Myanmar, is key to solving this problem, as is cutting off demand for chemical-based stimulants.

The Bush administration played into the hands of the hardliners who oppose political change and compromise when it refused early in 2003 to certify Myanmar as a cooperating nation in the war against drugs. Those in Myanmar arguing for cooperation with the United States on drug issues were left with no arguments to resist the more reactionary officers following this decision. Ironically, tightening sanctions to exclude dollar-denominated transactions in July 2003, following the attack on Aung San Suu Kyi's convoy at Dipeyin, merely made a bad situation worse, forcing everyone to use the informal banking system favored by drug dealers and money launderers, and making identification of drug dealers through their transaction trails even more difficult. Moreover, the possibility of cracking down on criminal activity is stymied just at a time when the international community, led by the United States, should be assisting the authorities in Myanmar to create mechanisms that would give real teeth to the country's new money laundering law.

As with drugs, Myanmar has a key role in the struggle to control the spread of HIV/AIDS. The government's own efforts in this regard have been obscured, but they are ongoing and are supplemented by important work from the United Nations and a small number of non-governmental organizations (NGOs).² Overall, Myanmar's health and education programs are minuscule given the challenges facing the country. Moreover, as the disease spreads within its giant neighbors China and India, Myanmar will require more help in facing the crisis. Instead of helping to ameliorate this human disaster, the U.S. sanctions policy may even be exacerbating it, since it denies young women employment in legitimate businesses like textile factories, potentially forcing them into the sex trade, and opening them to the importuning of human traffickers.

² The government's anti-HIV/AIDS programs were initially inhibited by the naïve view that this was essentially a problem related to foreigners. Thus, when one visited border areas in the early 1990s there were anti-HIV/AIDS signs posted, but no campaigns had yet been undertaken in the heart of the country. Now even television dramas broadcast nationwide explicitly depict the blight of those who succumb to the disease.

Human Rights in the Debate over Myanmar Policy

The United States has attempted to position itself as a champion of human rights for the people of Myanmar. But the definition of human rights held aloft is narrow and unsustainable. Human rights include values beyond the sanctity of the ballot box and the liberty of political leaders. The right to development, to employment, and to a living wage are also human rights within the terms of UN instruments. These are being denied to people in Myanmar not only because of the ineptitude or corruption of government economic policies and practices. They are denied in part through the economic sanctions imposed by Western governments in the mistaken belief that these will bring down the undemocratic military regime.

Why is this reasoning fallacious? Because economic sanctions applied toward Myanmar are not effective. This is the case for a number of demonstrable reasons, some of which are implicit in what is written above. First, U.S. and EU sanctions are not endorsed by Myanmar's neighbors. India, China, Bangladesh, and the ASEAN states all see cooperating with the government in Yangon as strategically and economically beneficial to their own interests, in part because they are less convinced than the West of the likelihood that a democratic miracle would be produced if the military regime were to fall. Beijing's invitation to Vice Senior General Maung Aye, and its granting of a previously announced \$200 million loan to Myanmar immediately after President George W. Bush signed the Burma Freedom and Democracy Act, spoke clearly to this. U.S. policy was again isolated by the Bali ASEAN summit after Khin Nyunt's seven-step road map was endorsed by other Southeast Asian leaders.

Second, even before the sanctions were applied, Western interests in Myanmar were too insignificant for them to make a difference. Unlike in Indonesia, where the United States, the World Bank, and the IMF could dictate to former President Suharto his economic, and ultimately political, fate, Myanmar is not caught up in the web of financial and commercial ties which unfettered globalization generates and which gives the wealthy power over the poor. This point is not lost on the generals in Yangon. Indeed, it encourages hard-liners to eschew the links with the outside world which could lead to such influence being generated. Sanctions seriously weaken the position of the reformers in the government who are willing to contemplate sharing power in the future with civilians. The reformers need to demonstrate that cooperation with the West and the institutions it dominates will generate positive results for the country.³

³ There is a view that sanctions support the reformers in the military by creating a need for the regime to compromise, but this view fails to understand how decisions are actually taken in the government. Arguing for change and compromise is much more difficult than arguing for the status quo.

Third, the regime in Yangon does not miss anything in terms of personal comfort or security as a result of the sanctions. Indeed, its leaders must chuckle ironically at the thought of their non-existent bank accounts in New York or London being frozen. While bureaucrats in Washington and Brussels waste time drawing up lists of individuals to be denied visas, those same persons who might need and could afford to travel to Europe or the United States for first-class medical treatment get what they require in Singapore or Bangkok. Fourth, at a more profound level, the regime has the capacity to generate the resources it requires to support itself without outside help, and has indeed strengthened this capacity as a response to sanctions. Rather than perceiving sanctions as a hindrance to its plans, the military has been able to modernize and expand significantly since 1988.⁴

What Are the Effects of Sanctions?

Sanctions will not be effective at establishing a sustainable democratic regime in Myanmar because that is in fact not their target. Their target is the release of Aung San Suu Kyi and the attainment of power by the NLD with the simultaneous removal from power of the Myanmar military. However, these are only one aspect of a complex set of issues involved in establishing democracy in Myanmar. The issue of minority rights and majority power needs to be resolved in a difficult and far from obvious set of constitutional compromises. The issue of how to maintain the peaceful conditions generated by the cease-fire agreements with still-armed insurgent groups during a transitional period must also be addressed. Similarly, strengthening the civil service by enhancing its capacity to replace the military in its many current administrative roles is essential. Sanctions postpone and make more difficult the resolution of all these fundamental issues, which must be addressed while the role of Aung San Suu Kyi and the NLD is resolved. These issues, dealt with simultaneously, would tax the ingenuity and capacity of any government, let alone one with the limited resources of the military government of Myanmar, or indeed of any potential successor civilian government.

Western economic sanctions forestall political change and the achievement of an improved human rights regime in Myanmar in a number of ways. The resulting malaise is deepening the poverty which assails the country, partly as a result of the absence of foreign trade, investment, and engagement, which the reform practices of such international financial institutions as the Asian Development Bank, the World Bank, and the International Monetary Fund could help resolve. While the government is ultimately responsible for the failure of its

⁴ See Andrew Selth, *Burma's Armed Forces*, Norwalk, Conn.: EastBridge, 2002.

economic policy to generate sustainable growth, those within the regime who realize this are greatly hampered in their efforts to create consistent and rational policies by the absence of international allies.

The perpetuation of poverty maintains low consumption levels which Myanmar sadly take for granted as their lot. Denying the opportunity for gainful employment at a realistic wage generates massive underemployment and human waste, forcing many to seek work in Thailand. The poverty of the nation is reflected in the poverty of the government. Until the World Bank can engage the government on fundamental issues of financial reform, backed up with effective international finance, the perversities which result from a multiple exchange rate regime, among other things, will not be addressed. The government will continue to print money to finance its own activities, thus driving up the inflation rate and harming the poor more than any other sector of society.

The state and its agencies have little choice but to perpetuate practices that people inside and outside the country wish to end. Among these are the generation of multiple “donations” from the business community to the government in support of its projects. Such a system of informal taxation is exacerbated by arbitrarily imposed local and ministerial “taxes.” That these practices might end with democratization, which is at the heart of the accusations about the high level of corruption in the regime, is to believe that snowballs will survive in April in Mandalay. Such practices have been present in Myanmar, as in many other poor countries, since the state at independence inherited a decrepit, ineffective, and hated tax system. As it deteriorated through neglect and the lack of reform over the years, the situation worsened; it will not improve until there is serious institutional reform. Democratization in itself will not bring an end to corruption in Myanmar.

Sanctions deny the regime hard currency because it reduces trade opportunities for all citizens; it may also perpetuate the practice of *corvée*, or “forced labor.” The widespread use of forced labor is linked to the government’s massive infrastructure program, which, despite its many detractors, has been crucial for nation-building and economic development. Moreover, the much-needed new infrastructure is broadly appreciated in the country.⁵ Lacking the bilateral and multilateral assistance for such projects that is available to other developing countries, the government has relied on Myanmar’s centuries-old practice of conscripting local villagers and their funds.⁶

⁵ Ask any villager in Myanmar what he or she wants and the response will be an accessible road, reliable water supplies, electricity, and health care.

⁶ The absence of foreign military assistance has also led to the practice of local conscription in areas of armed conflict along the country’s borders, but this is a separate issue.

Economic sanctions also weaken the prospects of sustainable democratization in Myanmar by denying the foundations for a civil society. Fundamental to the effective functioning of a civil society is a vibrant economy and a commercial class which can generate the independent resources needed to stand apart from, and ultimately come to oppose, the state. Only in this way can the independent nodes of political power be generated to force the state, regardless of who manages it, to reform itself, to protect human rights, and to establish the rule of law and administrative order and efficiency. What finally drove the military from power in Thailand and in South Korea was not the democratization movements sponsored by the exiles of those nations. Rather, it was the inability of the army to any longer manage the complexities of the economy in their multifaceted and diverse interactions, foreign and domestic. When a committee of independent bankers can tell a group of generals that their rule will not generate the prosperity on which they have come to rely, then democracy in any society is finally secure. Until then, it is dependent on the restraint of armed forces who see more advantages for themselves in allowing civilians to manage the country than in taking state power themselves.

Economic sanctions also weaken the prospects of sustainable democratization in Myanmar by denying the foundations for a civil society.

In a country with Myanmar's post-colonial political experience, Western sanctions and the continual litany of calls of support for Aung San Suu Kyi and the NLD confirms in the minds of the army leadership a belief in the correctness of its cause. To read the Yangon government press is to realize that the government feels besieged by the U.S. and British governments and the political exile communities which they and various foundations fund. Indeed, Myanmar has been characterized as facing "low intensity warfare" using the new weapon of Internet warfare.⁷ To move Myanmar away from such nationalist rhetoric, we must advance our own understanding of current conditions, both inside and outside the country.

The armed forces of Myanmar are taught, and genuinely believe, that they are the saviors of the nation. Drawing their lessons from Myanmar's tortured twentieth century history, they start with a belief that the army is the only genuine product of the Burmese nationalist movement against British colonialism and then Japanese fascism. Military officers see their predecessors' loyalty to the state during the civil war of the 1950s as proof of their valor and steadfastness to national independence. They believe that civilian politicians were willing to cut

⁷ See Lisa B. Brooten, "Global Communications, Local Conceptions: Human Rights and the Politics of Communication among the Burmese Opposition-in-Exile," unpublished Ph.D. dissertation, Ohio University, Athens, Ohio, March 2003.

deals with avowed enemies of the state. Perversely, Western backing for Aung San Suu Kyi and the exiles along the borders especially undermines these groups' claims to speak for Myanmar. This view is shared by others in Myanmar, who see these groups as allies of ethnic separatists that have attempted from time to time to dismantle the Union of Myanmar. Such views may rest on bad information and a lack of understanding of Myanmar's history, but they are no less strongly held for that.⁸

What Should the United States and its Allies Do Now?

Given the years of invective exchanged between the West's politicians and statesmen on the one hand and Myanmar's military leaders on the other, it will take time for relations to be restored to a harmonious and cooperative state. Indeed, it will probably be impossible until an atmosphere of trust can be created. The government of Myanmar can assist this process by ending practices that are damaging to its citizen's human rights, and therefore its reputation. It will also require political courage by decision makers in Washington. Realistically, perhaps, the most one can hope for is that Western politicians will lower their tone and their rhetoric. There is something unseemly about a U.S. Secretary of State calling the government of another country a "bunch of thugs." The United States loses credibility in such exchanges, as it did when was seen to accept unsubstantiated claims of exile groups that Aung San Suu Kyi had been badly injured or that General Tin Oo had been killed at Dipeyin. The reputation of the United States also suffered when it repeated unsubstantiated claims that Aung San Suu Kyi was on a hunger strike in September, when in fact she was receiving medical treatment.

If one could hope for a more positive response from the United States, one might hope that the U.S. government would seek to learn more about the actual situation in the country and attempt to appreciate, if not accept, the military's own understanding of issues. This would allow creative minds to formulate policies to deal with these issues on their merits rather than continue to ignore alternatives based on Myanmar's political experience. In this way, the

⁸ Over the past 28 years I have had many discussions in the homes and offices of persons with no regard for the incompetent former socialist government and who would like to see an end to military rule. However, they consistently note that the military is correct in its policies toward the ethnic insurgencies and insist that the leadership of the NLD, including Aung San Suu Kyi, does not understand the situation. Even students (and in the corridors of conferences, some Myanmar exiles) have conceded to me that the position of the army makes sense to them under the current circumstances. Most accept that the current U.S. policy of sanctions is not only counter-productive but harmful to the people of Myanmar.

United States might begin to encourage the NLD and other political groups in the country to approach the Myanmar government with realistic, constructive ideas of ways to move the political process ahead.

Providing scholarships to students and professionals to study in the United States and Europe would provide a window on the world that is now closed for Myanmar citizens. The best way to learn how a democratic society works is to experience it. Arguing that the generals will reward their own children with these scholarships, or that the recipients will not return to Myanmar, are not reasons for opposing such an effective program. Indeed, the former would be a reason for doing so. Just as sending Myanmar army officers to courses on civil-military relations at Fort Bragg or Cranfield University in Britain would open their eyes to other ways of organizing military affairs, likewise, having the sons and daughters of the generals writing home about how they would like to see Myanmar achieve the technical and civil qualities of their host countries could also open minds. It certainly worked in Thailand in the 1960s and 1970s.

If the United States wanted to adopt a constructive policy toward Myanmar, it would encourage Japan and members of the EU willing to facilitate a political transition in Myanmar to collaborate with the military, as the Australian government has done, to assist in that process. Renewing aid, investment, and trade (in euros or yen) would encourage the nascent commercial class in Myanmar and assist those branches of government pushing for reform. In addition, changing the United Nation Development Program's uniquely restrictive mandate in Myanmar so that it could engage the government on economic reform and policymaking, as well as civil service reform and development, would provide additional entrées for ideas into the government. The tragedy now is that the Myanmar government needs and wants ideas and solutions so that it can move forward, and these are being denied.

Prime Minister Khin Nyunt's seven-point road map toward a constitution announced on August 30 provides an entrée for those who wish to work effectively for political reform in Myanmar. A generation has been lost since the last naïve attempts to achieve political reform failed. Greater political maturity on all sides will stimulate essential but hard compromises. These compromises rest between the imperatives of democracy, the imperatives of development, and the imperatives of order. Myanmar is not unique in this regard, and policy toward the country needs to reflect this obvious fact.

Even after gaining these compromises, the struggle to create political order in Myanmar will be far from over. Whatever constitutional government succeeds the current military regime, it will need the army to maintain order and to help strengthen the law enforcement

institutions of civil government. A massive job of capacity building must be undertaken, otherwise, democracy in Myanmar will one day again become synonymous with chaos. Meanwhile, the United States and its allies are not only losing an ally in the war against terrorism, but are complicit in holding 50 million Myanmar citizens hostage to a life of poverty and ignorance, and are missing an opportunity to move the process of political change forward. There must be a better way.

Burma/Myanmar: A Guide for the Perplexed?

David I. Steinberg

Introduction

Myanmar is sometimes described as being under economic stress. For many Burmese this is a euphemism. Stress is indeed ubiquitous—in the villages, among the urban poor, among civil servants, in business, even within the small middle class and ruling military elite—but for diverse reasons. It is most apparent within the organized but nascent political opposition and the indigenous and foreign (ethnic Chinese and Indian) minority groups. However, such stress does not necessarily indicate that the country or the regime is close to collapse.

The description is inadequate; it does not do justice to the depth of concerns pervasive in society. Anxiety, uncertainty, and fear are also prevalent, and are more accurate and penetrating descriptions—anxiety about the future among those close to the center, some of whom speculate about possible, but extremely unlikely, U.S. military action to force “regime change”; uncertainty among businesses subject to the vicissitudes of arbitrarily altered regulations, which undercut a private sector supposedly nurtured since socialism’s demise; and fear among the people as a whole. These heightened emotions are pandemic in Myanmar’s society, in its politics, and in its uncertain future. Economic and political road maps out of this morass have been prepared—by the military, the opposition, the minorities, and even by

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foreign governments, institutions, and individuals.¹ All are roughly sketched maps into uncharted territory; some are prepared by those who envisage the destination without knowing the terrain.

Because the feasible paths forward are obscured, miscalculations, both internal and external, have characterized much of contemporary Burmese history. Errors of action and perception have clouded policy debates and dialogues. These miscalculations have been compounded by rigidities and orthodoxies by all actors—the military, the political opposition, the minorities, multinational donors, China, Japan, ASEAN, the United States, and India, among others—which have limited consideration of alternatives and retarded settlement of disputes. The prestige and even the legitimacy of key leaders are built on doctrines from which deviation is seen as defeat, an unacceptable humiliation. Yet constitutional reform is necessary for the well-being of the diverse Burmese peoples.

Miscalculations, Rigidities, and Their Vicissitudes

Myanmar has been a catalogue of miscalculations by virtually all parties. The military has committed many mistakes, some planned and some inadvertent, compounding its problems and undercutting its own goals. In spite of brave and bold official assertions of the favorable state of economic growth, careful observers (and even many in government) know that official statistics can be whimsical. Egregious problems, such as excessive increases in the money supply, remain unreported; production is over-estimated, rampant inflation under-calculated. Even by conservative World Bank figures, about half the population is at or below the poverty line. Over half of economic activity may be uncounted. Smuggling is rife, and corruption is necessary to survive given inadequate salaries. Human rights violations are denied, ignored, or implausibly explained. Dissent is forbidden or censored, and those promulgating it are harassed or jailed. Education has expanded but declined in quality, and health programs suffer from inadequate funding and studied denial, such as in the case of HIV/AIDS. Too much is surreptitiously spent on a military bloated out of proportion to any reasonable internal or external security threats. The State Law and Order Restoration Council (SLORC) miscalculated, in terms of its own hold on power, by holding a fair election in May 1990. It apparently thought that it could either win or manipulate the results, and then erred dramatically in assess-

¹ A Thai road map surfaced in July 2003, one from the Ethnic Nationalities Solidarity and Cooperation Committee in September 2003, and even one in August 2003 by the author for an “interim government of national unity.”

ing the negative effect on international opinion after refusing to recognize the election results. Moreover, SLORC vitiated its own economic reforms and liberalization by its arbitrary changing of regulations, rent seeking, and corruption. SLORC and its successor junta, the State Peace and Development Council (SPDC), often treated minority populations as though the state's forces were an occupying army, thereby exacerbating enmities and undermining its highest priority, national unity.

Most recently, on May 30, 2003, while impeding Aung San Suu Kyi's exuberant motorcade through central Myanmar, the SPDC created a riot that in itself, and in its official explanation, hurt what modest credibility the military regime could still claim. By manipulating the media and restricting internal public information on the incident, the SPDC turned what might have been a normal political rally into an event inimical to its own interests, further justifying opposition and expatriate claims of severe repression.

The SPDC has accomplished a great deal in infrastructure development, with no international recognition; likewise, it has had notable achievements in reaching cease-fires with most minority political organizations, however tenuous some of these may be. The SPDC is judged negatively in the West, however, by its refusal to recognize the 1990 election results, human rights violations, narcotics production, and failure to create a sustainable economy. Goals articulated by the military—the unity of the state, state sovereignty, better health and education, and the preservation of national cultures—have all been undermined by its own actions.

The National League for Democracy (NLD) and Aung San Suu Kyi have also miscalculated. They have publicly tested the limits of military tolerance, further attenuating their position. Vituperation on both sides has been marked, and at times the NLD has unnecessarily antagonized the SPDC. By objecting to tourism and foreign investment, and even to humanitarian aid at the outset, the NLD seems to promote poverty and limits exposing the regime to external moderating influences. It argues that such activities help create legitimacy for a government it regards as illegitimate. NLD members walked out of the National Convention that was drafting a constitution. The NLD then created the "Committee Representing the People's Parliament" in direct defiance of the SPDC and drafted its own constitution as a challenge to the military, which had declared such acts illegal. Although the NLD is careful to state that it has no direct links with the National Coalition Government of the Union of Burma (NCGUB), a "government-in-exile" in Washington funded by the U.S. Endowment for Democracy and headed by an elected parliamentarian (who is Aung San Suu Kyi's cousin), the latter's total support of all NLD positions prompts SPDC's condemnation of the NCGUB. Many observers, including former NLD members, find Aung San Suu Kyi's leadership rigid and uncompromising in negotiations with the military. The NLD consists of disparate groups

focused on unseating the military government, but it lacks depth of leadership and a measured strategy for assuming power. By relying on foreign moral and material support, it has promoted a nationalist reaction, creating a vulnerability that the government has exploited.

Some minority organizations have pushed for independence or a degree of autonomy that is unacceptable to SPDC leaders, who regard national unity as their primary objective and are suspicious of federalism. The regime's concern about minority intentions is grounded on unpleasant memories: at one time or another all of Burma's neighbors, as well as British and U.S. agencies and private groups, have supported ethnic insurgencies. Thailand once fostered rebel movements as buffers to protect its conservative government from what it regarded as a radical socialist regime in Rangoon. A Chinese Kuomintang faction operated from a Shan base (with clandestine U.S. support) for several years after the communists seized power in China, while Beijing sanctioned and helped the Burma Communist Party for decades. India's insurgent Naga and other ethnic rebels have repeatedly moved back and forth across the porous frontier; while Muslim rebels from Bangladesh (and East Pakistan before it) crossed repeatedly into Rakhine. Foreign religious groups—Christian and Islamic—have provided moral and financial sustenance to those minorities they can influence.

Ethnic Burmans constitute a two-thirds majority and are like a nation in themselves, wholly internal to the state, besieged and isolated by the policies of the socialist junta that ruled from 1962 to 1988; this is in stark contrast to those minorities (especially those with Christian affiliations) with historic ties to foreigners. Concern about the collapse of the union has seemed realistic as Burmese exiles have issued proclamations advocating an eight-state (or province) country in which the Burman majority would have just one-eighth of the power; moreover, the exiles see a drastically reduced role for the military in the future, and the army even withdrawn from the border, a position unacceptable to any state that perceives itself to be threatened by dismemberment from its neighbors.

Foreign donors and governments have also miscalculated. Burma received bilateral and multilateral aid in the 1950s and again in the 1970s and 1980s. Assistance in some years reached \$400 million, with little regard for rational development policies and absorptive capacity. Japan became the largest donor and investor; Burma's post-independence leadership felt an affinity with Japan, having been trained and sustained by the Japanese during World War II, a cohesion that helped lead to independence. Japan's large aid program served its strategic interests in competing with China for leadership in Southeast Asia. This led Japan in the 1990s, despite Myanmar's meager political progress, to renew its assistance with broadly interpreted "humanitarian" aid, restarting infrastructure programs begun years earlier. Meanwhile, the United States and the European Union (EU) cut off aid and unswervingly supported

Aung San Suu Kyi, basing decisions about U.S.-Myanmar relations solely on her advice, assuming that her policies would serve U.S. interests. The EU essentially followed the same practice, a commitment that incited nationalist reactions among many Burmans, as well as within the military leadership, which can claim with some validity that the NLD had become dominated by foreign powers.

Winning the May 1990 election gained the NLD legitimacy but not power. Tragically, it hardened positions among all parties. The NLD felt its victory entitled it to govern. The military portrayed itself before the election as an interim administration, making only annual budgets and economic plans, but after the election (and the international storm surrounding its refusal to stand aside), it saw itself as the only effective guardian of state unity and sovereignty. The United States, influenced by the expatriate Burmese community and human rights groups, as well as a close personal relationship between then UN Ambassador Madeline Albright and Aung San Suu Kyi, insisted that the elections had to be honored, essentially telling the military to relinquish power before discussions even began. Washington's sole criterion for transferring power was the election, perceived as the last step in a political process leading to democratic government. Minority groups watched this scenario carefully, and many negotiated cease-fires with the government. SLORC believed that no other party or organization could preserve the union, and was unwilling to entrust governance to politicians "corrupted by foreign powers." In 1992 it began the process of drafting a constitution by appointing a National Convention, hoping to guarantee that never again would the military lose control of the government. The Convention stalled within three years, and was only called to resume its work as part of the road map proposed by Prime Minister Khin Nyunt on August 30, 2003.

The Road Map and Current Events

Aung San Suu Kyi's release on May 6, 2002, was greeted with intense international interest and optimism. Although this mood did not seem evident internally, it was apparent that unless there was substantial progress in the reconciliation process international condemnation of the regime would substantially increase. Foreign expectations were at a peak not seen since the 1990 election. Many foreign observers believed that before Suu Kyi's release both sides had worked out a general agreement on principles, with just the details remaining to be negotiated. Surprisingly, this was not the case, and the reconciliation process quickly stagnated. The responsibility for that unfortunate state of affairs remains unclear, but by not announcing agreement on principles the military handed an opportunity to the opposition, which could claim (and which the outside world would believe) that the responsibility was the military's alone.

While stasis prevailed in Rangoon, Aung San Suu Kyi, with military approval, traveled around the country, drawing crowds and receiving adulation as she opened or reopened NLD offices. As no progress in reconciliation seemed evident, the rhetoric, carefully modulated at the beginning of the process, soon became more acerbic. The denouement came on May 30, 2003, in central Burma, when Suu Kyi was returning from a series of successful meetings in Kachin State. Her motorcade was impeded, apparently ambushed, and an unknown number of people were killed. Although most likely a staged event that got out of hand, the full intent of the regime remains uncertain. Anxiety among many within the SPDC was palpable for almost three months following the May 30 tragedy. Senior military officials were anxious and faced a dilemma. Without reaching some *modus vivendi* with Suu Kyi, releasing her would sanction her insistence on an investigation and justice for her supporters who were killed and injured, which would possibly implicate senior military officers. Continued incarceration, on the other hand, even under the most humane of conditions, would only heighten international condemnation.

The uncertainty and drift, if not anxiety, among some senior military officers was assuaged, if not resolved, when Secretary General Khin Nyunt was appointed prime minister, marking a decision to pursue an alternative path. As the person in the top tier of the junta with knowledge of and exposure to international affairs and information, his appointment indicated an attempt by the regime to deal with the outside world, albeit at its own pace. How effective this will be is uncertain, for how much Khin Nyunt will be able to influence policy change is still open to question. Foreign observers differ, some arguing that this was a promotion and others that it was a demotion. Such simplistic Manichaeian assessments will not help Myanmar realize political transformation into the multiparty system promised by the military, or the “civilianization” of military rule (as happened in 1974), in which General Khin Nyunt could play a salient, even heightened, role.

On August 30, the new prime minister gave a major speech describing the government’s own road map, a seven-point plan for completing the new constitution started over a decade earlier, a referendum, and then new elections for a “disciplined democracy” with a multiparty political system. Absent from the plan was any timetable or discussion of the opposition NLD or Aung San Suu Kyi. She was released from restricted movement in early November, but refused to accept her freedom until other NLD politicians were released from internment. Without a time frame, the credibility of the plan is in some doubt, yet the government highlights almost daily the steps taken toward a constitutional framework with a civilianized multiparty political system.

This amorphous road map makes obsolete other attempts to chart the future. Khin Nyunt's speech elaborated on the regime's accomplishments, of which the road map is part. Among its salient points one may infer: 1) self-recognition of the legitimacy of SPDC governance because of substantial infrastructure construction (roads, ports, bridges, schools, colleges, hospitals, and clinics) and the negotiated cease-fires—achievements unappreciated abroad; 2) that the road map process may be prolonged (although ASEAN leaders indicate that it should be completed before Myanmar chairs the ASEAN meeting in Yangon in 2006); 3) that there will be a multiparty system of limited pluralism over which the military will have veto power—so-called “disciplined democracy”; and 4) that the Union Solidarity and Development Association (USDA) at that time will probably emerge as a political party (as did Golkar in Indonesia). However, it appears that compromises to include Suu Kyi or other opposition elements in planning the political structure are presently lacking, although the NLD and the minorities' parties might be included in some form of controlled political pluralism in the future.

The SPDC is clearly in control and is more powerful than heretofore because of the military's increased size, its improved equipment (supplied mainly by China), and its multitude of cease-fires with minority insurgents. Its control has also increased through an effective intelligence network, the multi-million member USDA encompassing one-third of the total population, and, sadly, through fear and virtual exhaustion of most people. Although the military is grammatically and conceptually thought of as singular, in actuality it is fractured, although held together by strong bonds of comradeship, the perquisites of power, ardently shared beliefs in national unity, and a taut organizational structure. Although differences in policies and tactics have been apparent over the years of SLORC/SPDC governance, they may not be sufficient to split the military into opposing (and potentially armed) camps. Unity in “weal and woe,” as Aung San once wrote about the republic itself, binds them together. However, it does so in a strongly hierarchical structure that restricts unfettered consideration of alternative plans and programs. The top-down command structure retards formulation of progressive policies that could further the military's own and society's long-term interests.

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Sprinkled within this structure are officers who recognize that current policies may be deleterious to achieving national unity and a better society. For these leaders, the May 30 incident besmirches the military's reputation; they know that approbation by the external world

is necessary for sustained development. Many of these officers, who have been recruited into high posts by Prime Minister Khin Nyunt, recognize that Myanmar cannot retreat into its shell, that self-sufficiency cannot sustain economic growth, and that the country can no longer be insulated from outside contacts. They inherited the economy that General Ne Win in 1962 cut off from external influences in an effort to be self-sufficient, a policy now widely recognized as disastrous.

Modern communications technology inserts new ideas into society. Population growth places pressure on resources. Urbanization complicates governance and distribution of necessities to the populace. Mismanaged natural resources deplete and reduce the state's potential. Porous borders, tourism, and modest foreign investment all expose the state to external influences. The expatriate Burmese community retains internal contacts and influence. All these features of globalization make isolation impossible. Officers surrounding Khin Nyunt recognize that they must come to terms with the external world. The government's interest in investment, improved trade, and legitimacy help explain why it was anxious for Myanmar to join ASEAN. ASEAN in turn not only wanted the symmetry of unanimous inclusion of all states in the region, but also hoped to influence Myanmar positively and thereby counter Chinese influence.

Hierarchies

The Burman area of Myanmar is unique among the countries of Asia. It is the only major region in which pre-colonial elites were denied positions of power in the post-colonial era. As a result of 60 years of colonial rule, central Burma was a horizontal society, where social mobility was evident and where the poor could rise to positions of prominence through four channels: free and open higher education; leadership in mass (political) organizations; joining the military; or entering the Sangha (monkhood). Subsequent years of centralizing authority under military-dominated governments conflated these broad channels into ones under military domination, by restricting entrance to universities, bringing mass organizations under military control, and compressing the Sangha by registering all monks and monitoring their leaders. Civil society has been emasculated as private organizations, once distinct from the government (and thereby modulating central power), have been co-opted. The distance between the state and individuals and their organizations has drastically narrowed. Hierarchy has been strengthened; pluralism has become alien.

Since General Ne Win's 1962 coup, Burma's social institutions, both public and private, have been dominated by the military. Through this concentration of power a strongly hierarchi-

cal system has emerged, creating a unitary state with military administrative domination at all levels. Combined with this emphasis is a traditional Burmese pattern of loyalty through personal associations; institutional ties—a pattern common in Western societies—play a lesser role in shaping a person's life and career. Power is considered to be finite but inchoate by Burmese Buddhists, so sharing it at any level becomes more difficult. Gaining power is widely believed to be a function of karma, one's personal condition consequent to past lives, which leads to patron-client relationships or entourages. For example, many of the troops General Ne Win commanded (the 4th Burma Rifles) were promoted to senior leader posts and have administered the country for the past four decades. Burmese views of personal and finite power stress orthodoxy of opinions as well as loyalty to the leader. This characteristic is not only pervasive in the military but also among the opposition, which has termed those supporters who criticize any policy decision as "traitors." Absolute loyalty to Aung San Suu Kyi is expected, even within the expatriate Burmese opposition. Control over information, or press and media censorship, is a natural and unfortunate consequence of this cultural trait. Compromise, which is essential to democratic governance and necessary in the reconciliation process, is thus more difficult among the Burmese than in many societies.

Given this cultural milieu, the information needed to make sound policy judgments may never reach the top leader. Those with technical knowledge essential to forming prudent policies rarely have access to top leadership and are rarely trusted to present alternative opinions. As information is controlled, and access to it is limited, those making decisions often operate with restricted information and limited exposure to choices. Moreover, the military has become a state within a state—it has its own schools, hospitals, and PX and commissary systems; industrial conglomerates and factories that provide jobs for dependents and profits for military retirement, charities, and other activities; and it supplies housing and even monasteries for dependent families. This insulation limits the experience and information available to top military leaders on actual conditions. Should they seek first-hand experience their attempts have often been frustrated by statistical fabrications, Potemkin-like sites, and ceremonies created by subordinates intent on pleasing the leadership by creating impressions of general well-being. The hierarchy and anxiety within the system are compounded by a universal military approach of obeying orders; to question a leader's decisions or even predilections or arbitrary whims is anathema. The leading generals until now have had parochial views, sustained by limited education and minimal foreign exposure. They rarely meet foreign visitors and hear their views. General Ne Win, who traveled more than the current SLORC/SPDC leadership, was more aware of external forces and internal conditions than the present government. For example, by 1986 he was complaining forcibly that the state had to stop lying with statistics to please him.

U.S. Policy toward Myanmar

The United States has pressing global priorities and is dealing with inflamed crises in a number of regions around the world, so the perpetual and seemingly quiet crisis in Burma/Myanmar is but a blip in its policy radar. Yet by opposing the Burmese junta, the United States has shaped global reactions to events in Myanmar, and has consistently tried to influence internal policies there. The United States has strategic, economic, social, and humanitarian, as well as moral interests in Myanmar. Since 1990, however, those national interests have been subordinated to human rights.

Successive U.S. administrations, both Republican and Democrat, formed a bond with Aung San Suu Kyi with the intent of gaining democracy (regime change) in Myanmar. The Clinton administration insisted that the May 1990 election be honored and that the military step down from power. To this end, future U.S. investments in Myanmar were banned in 1997.² Achieving democracy through sanctions—easy to impose and difficult to retract—is clearly problematic. U.S. policy has been designed to produce the *product*—the result of the May 1990 elections—which would somehow gain democracy by fiat, but the critical *process* leading to democratic governance has been considered unnecessary and compromise avoided. This approach is attractive to ideologists and political theorists who equate elections with democracy. Tragically, it ignores Burmese history and the role of the military there since independence, and indeed the fact that elections are but one, albeit essential, element of democratic governance.

On entering office, the George W. Bush administration still sought pluralistic governance, but it quietly began relaxing the previous administration's rigidity in early 2002 when it began advocating a process of positive change, stressing the need for democratization and better human rights. It suggested a favorable response would follow if such changes came, and omitted mention of the May 1990 elections. It also started negotiations on drug certification because opium production was declining sharply, suggesting that Myanmar might be in compliance with new, less stringent anti-narcotics regulations (which had been softened to admit Mexico to the compliance group). These developments may have contributed to the release of Aung San Suu Kyi from house arrest on May 6, 2002.

² Congressional attempts to have the sanctions legislation apply retroactively were countered by the Department of State. U.S. economic assistance and military sales had already stopped in 1988.

The Bush administration hardened its position in late November 2002,³ probably influenced by the November 2002 U.S. elections, after which Senator Mitch McConnell (R-Kentucky), an ardent advocate of “regime change” in Burma, became Republican whip—the second most important position in the Senate. McConnell was suddenly of critical importance to the administration for his support on other issues. This change undercut the credibility of the moderates in Myanmar’s military advocating reform and better relations with the United States. Lack of progress in the reconciliation process, supposedly begun in May 2002, crystallized in the May 30, 2003, incident, which led in August 2003 to U.S. sanctions on all imports from Myanmar and an executive order freezing Burmese assets in the United States.⁴

Burma has been a low priority for both the Clinton and Bush administrations, neither of which was prepared to use political goodwill to challenge Congress on Burmese issues. The rigidity of the U.S. position and the orthodoxy required in Washington has been so overpowering that any hint of approval of a Burmese government policy or action, however modest, is frowned upon in official sources, and no official criticism of the opposition or Aung San Suu Kyi is tolerated. U.S. legislation even mandates that Suu Kyi approve the UNDP program, raising unaddressed diplomatic issues of UN autonomy and the sovereignty of the Burmese administration to which the U.S. is accredited. Yet U.S. support for the NLD, combined with a more unilateral and bellicose attitude toward authoritarian regimes, have prompted some in the Burmese opposition and expatriate community to hope for U.S. military intervention to force regime change.

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The Burmese military has vowed to resist U.S. policy, as it must to maintain its own sense of legitimacy and self-esteem with a strong sense of nationalism. Sanctions and travel restrictions on military leaders are further isolating the government.⁵ The sanctions are having a nega-

³ Assistant Secretary of State James Kelly articulated this in a speech at a Johns Hopkins School of Advanced International Studies Burma/Myanmar Conference on November 21, 2002 (included as Appendix 9 in Catharin Dalpino and David I. Steinberg, eds., *Georgetown Southeast Asia Survey 2002–2003*, Washington, D.C., 2003).

⁴ According to State Department testimony to Congress in October 2003, less than \$700,000 had been frozen.

⁵ On September 9, 2003, President Bush increased Burmese isolation by imposing a ban on government officials and employees (which necessarily includes academics) on U.S.-sponsored educational or cultural exchange programs, although whether this relates to private funding of such programs is unclear at this writing.

tive effect—immediate and devastating—on the working poor by forcing closure of factories producing garments for export to the United States. This pauperization of tens of thousands of women, without recourse to other legal employment, often forces them into illicit occupations, the sex trade and/or illegal migration to Thailand. The social consequences of sanctions may have a more profound effect than the political intention, and hurt the populace more than the govern-

The sanctions are having a negative effect—immediate and devastating—on the working poor by forcing closure of factories producing garments for export to the United States.

ment. Moreover, the sanctions reinforce the extreme nationalism that is so evident in the regime's statements, even though they were designed to deprive the military government of its legitimacy.

The United States and some members of the EU have embraced a single-strand policy. By concentrating solely on human rights and related issues, other concerns that should be included in any

strategic approach toward Myanmar are ignored. Outstanding among these is the role of a Myanmar heavily indebted to, militarily dependent on, and economically penetrated by China. In the context of Sino-Indian rivalry, this is bound to grow in importance.⁶ Illegal Chinese immigration into Myanmar is having a profound effect on society, threatening ethnic rivalry and violence. The SPDC, playing its "China card," argues that the U.S. interest in overthrowing the government in Rangoon stems from the Bush administration's view that Burma is the weakest link in a U.S. policy of containing China. As a result of this singular approach, the United States has relegated anti-narcotics issues to the margin, and refuses to consider transnational problems of poverty and violence within Myanmar that have forced more than one million unregistered and illegal workers into neighboring states. U.S. policy contributes to the spread of HIV/AIDS and such diseases as malaria, trafficking in women and children, and the flight of some 120,000 Mon and Karen refugees into Thailand (a treaty ally of the United States and recently elevated to a non-NATO treaty ally). Concentration on human rights alone creates cynicism among Burmese who see comparable, and even more severe problems being downplayed by the United States in its relations with Pakistan, Vietnam, China, and even North Korea.

The reliance of U.S. policy on a single person (no matter how talented or dedicated) has created dangers. Aung San Suu Kyi has become the NLD, for without her it is an amorphous body of disparate interests bent only on removing the military from power. Her close associ-

⁶ See the conference report "Strategic Rivalries on the Bay of Bengal: The Burma/Myanmar Nexus," February 1, 2001. This conference was organized by Georgetown University and designed to acquaint the new U.S. administration with a set of strategic concerns.

ates in the party are aged, and the minorities have not been included in any military-NLD dialogues to date. (Nor has the United States addressed the minority issue, despite overwhelming evidence that Burman-minority relations and equitable power-sharing remain the most important and intractable problem facing the country). Indeed, the transitory and tactical political needs of the NLD often diverge from U.S. interests, even if the long-term goal is the same.

Some governments may collapse because of economic sanctions, but Myanmar is already at such a low level of industrialization that this seems unlikely. Regime change, the goal of the sanctions articulated in the U.S. Senate, probably will fail. Whether dialogue could improve the chances for change is a moot point, but minimally it keeps open the possibility of compromise and transformation that sanctions preclude; such discourse could affect the mediation process if appropriately pursued. It is unfortunate that the orthodoxy that has characterized both the military government and its opposition in Burma should now be joined by a similar orthodoxy on the part of the United States. Concentration on the product—a pluralistic political system—while ignoring the process to reach that goal, vitiates attaining the goal itself.

“Face” is needed for all parties to any negotiations, an honorable means to accept compromise while gaining certain objectives and sacrificing others. Unconditional surrender, which is what much of the industrialized world has proposed for the military in Myanmar, destroys “face” for them. All parties, including the United States and the NLD, need to avoid losing face. Thus, the military government, the NLD, and now the United States, each of which is committed to positions that seem antithetical, need to move toward a negotiated process to respect the legitimate interests of all Burmese—the military, the opposition, and the minorities—as well as the foreigners interested in human rights and good governance. The absolute authority of any one group—military, opposition, or a minority consortium—will not accomplish that goal.

Burma/Myanmar is faced with a set of enduring problems. These include state-periphery relations, the rebuilding of civil society, the growth of effective non-military institutions, improved service of basic human needs, rational economic policies, responsive governance, enhanced human rights, preservation of its rich diverse cultures, and openness in the use and perceptions of power. Current international and internal policies address none of these issues. Current U.S. policies only reinforce the rigidities which ignore these vital factors, thus vitiating the progress so earnestly sought.

The United States, hopefully temporarily, has abandoned attempts at incremental change in the country. Yet the situation in Burma/Myanmar is not isolated. Its desperate social conditions prompt illegal migration and attendant problems in its neighbors. Moreover, by ignoring

the process of incremental improvement, the United States has abandoned Myanmar to Chinese influence. Chinese accommodations with ASEAN and in Northeast Asia mean an increasing role for China throughout East Asia, in which Myanmar is the most obvious example. Concentrating on terrorism in relations with East Asia (an issue on which the Burmese military

has been quietly cooperating with the United States) obscures the potential losses to U.S. interests by a dominant China in the region.

By ignoring the process of incremental improvement, the United States has abandoned Myanmar to Chinese influence.

Other avenues to approach Burma/Myanmar exist. Although the United States bitterly fought Myanmar's admission into ASEAN, the role of ASEAN is important. To date its performance has

been mixed, because for years it refused to criticize the internal affairs of its members, but after May 30, 2003, the ASEAN heads of state took an unprecedented step in calling for Aung San Suu Kyi's release. Nonetheless, when meeting in Bali in October 2003 they commented favorably on progress made by the appointment of Khin Nyunt as prime minister. This bought time for Myanmar to deal with internal political problems before chairing the ASEAN meeting in 2006. ASEAN is critical to the process of change. Member states can quietly pressure the military in the interests of ASEAN unity without the onus of discrimination. Western condemnation of the government, by contrast, simply invites nationalistic response; it appeals more to the foreign constituencies than it affects progress toward reform. Quiet pressure is more likely to produce the desired results than are cries for regime change. Some have attempted to persuade the Chinese, whose influence in Myanmar may be greater than any other foreign power, that their national interests are better served by having a stable, prosperous state on its southern border than one wrought with conflict and uncertainty. Since any government in Rangoon must deal cautiously and amicably with its expansive giant neighbor, this approach should be continuously pursued.

Although these issues must ultimately be resolved by the Burmese themselves, inflexible positions imposed from outside only exacerbate internal rigidities, reinforcing a stalemate that hurts the population as a whole. Even when broken or brokered (as must sometime happen), political stasis and economic decline will have inexcusably delayed the recovery so ardently sought and so urgently needed. Should not alternative approaches be explored?

King Solomon's Judgment

Helen James

Introduction

If King Solomon were handing down his judgment today on the question, “Which of you, the contending and contentious parties, loves this country best?” I wonder to whom he would award Myanmar? Would it be awarded to the exile communities whose aim is to restore democracy and respect for human rights to this beautiful country? Would the prize go to the National League for Democracy (NLD), the opposition group which won the majority of seats in the 1990 elections in Myanmar, but whom the military junta has denied power? Or would the junta, which seized and has held power since 1988, first as the State Law and Order Restoration Council (SLORC), and since 1997 as the State Peace and Development Council (SPDC), gain the prize for preserving the country's unity?

In the court of King Solomon, it will be recalled, the woman who loved the child best was prepared to surrender it to the false claimant rather than see it killed. To her, King Solomon awarded the prize, for her act of intentional self-sacrifice was proof to him that she was indeed the real mother. Among the three contending parties above, is there one who would emulate this woman in King Solomon's court?¹ Or will all sides firmly maintain their inflexible positions?

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¹ Although three “parties” there are only two protagonists—the government and the opposition. Each has various supporting groups.

And what will be the fate of the “child”—the country, the 52 million people of Myanmar—caught in the middle? That is the question.²

The Tests

The discussion below takes the government’s seven-point road map as the first of the tests. Myanmar’s Asian neighbors consider the road map to be a potentially constructive solution to the political impasse. Although there are obvious shortcomings with the seven-point plan, it is nonetheless a major step toward resolution of Myanmar’s governance problems. Opponents of the government, however, have criticized it as merely a delaying tactic or a recycling of old ideas. Developments around the time of the ten-party conference in Bangkok on December 15, 2003, suggest that the government is coming to grips with the key issues—participation of the NLD and the minorities in the national convention.³

If there is one question on which all parties agree, it is that democracy will come to Myanmar. At issue is when and how. For those parties opposed to the SPDC, economic sanctions are the means, but the timing is left indeterminate. For the government of Myanmar, it is through the seven-point road map announced on August 30, 2003, by the Prime Minister General Khin Nyunt. Here the timing is also undetermined. At the Association of Southeast Asian Nations (ASEAN) summit in Bali on October 7 and 8, 2003, Khin Nyunt won diplomatic support from his ASEAN colleagues for his step-by-step plan to reconvene the National Convention, finalize drafting of the new Constitution, hold a referendum on the Constitution, and then move to “free and fair elections.” The announcement of this seven-point plan was endorsed by ASEAN leaders as an encouraging move toward returning Myanmar to democratic governance. This followed discussions on the road map in Yangon with former Indonesian Foreign Minister Ali Alatas and in Bangkok with Thai Foreign Minister Surakit Sathirathai.

Commentators have noted that the road map leaves open the questions of timing, whether the “free and fair elections” will be multi-party elections, or even if the election results will be

² Ministry of Health, 2001, *Health in Myanmar*, Yangon: Ministry of Health, p. 2, gives the population as 51.12 million. The CIA and U.S. Census Bureau estimate is 44 million in 2002, based on the annual growth rate declining from 1.50 percent in the mid-1960s to 0.85 percent in 2002. The UN Population Division estimate is 49 million in 2002 based on 1.3 percent growth, while the Asian Development Bank estimated 52 million in 2002. U.S. demographic assumptions appear influenced by the perception that the junta is unable to sustain normal growth.

³ Much of this section draws on Helen James, “Cooperation and Community Empowerment in Myanmar in the Context of Myanmar Agenda 21,” *Journal of Asian Pacific Economic Literature*, vol. 17, no. 1 (2003), pp. 1–21.

honored. These are crucial questions which will determine the credibility of the plan. For the moment, however, Prime Minister Khin Nyunt's ASEAN colleagues support his effort to return the country to democratic governance. If successfully realized, this would be a diplomatic triumph, as it would relocate Myanmar among her regional neighbors in their postcolonial struggles to foster democratic governance in a form true to their individual historical identities. As democracies go, there is no "one size fits all." Each of the ten ASEAN states sees itself evolving its own form of governance. While some are further along than others, none is exactly the same, just like the Western liberal democracies, each of which has its own unique characteristics. Myanmar's seven-point plan looks toward "disciplined democracy."

The test for Prime Minister Khin Nyunt will be how soon, and how effectively, he can implement the road map. The stakes are high—his credibility as a national leader in Myanmar is on the line, and any faltering or retreat from implementation will diminish his credibility. This in itself increases the likelihood that the road map will actually be implemented. Five weeks after announcing it, Khin Nyunt made key nominations to the National Convention, including experienced, civilian professionals, and declared that the Convention would convene soon. Shortly thereafter public rallies were organized by government groups around the country to support the plan. For the moment, ASEAN is supporting the prime minister, who is seen as moving away from earlier entrenched positions.

The West and the NLD have criticized the road map as simply "old wine in new bottles." In the decades of military rule, opposition criticism of the military government has centered on such issues as forced labor, human rights abuses, and frequent closure of the universities (such as in 1996). Yet under the military regime some achievements have also been made. So, what has the SPDC done for Myanmar to lift it from the "least developed country" status into which it had fallen by 1987, the end of the socialist period (1962–88)? Prime Minister Khin Nyunt's "state of the union" speech of August 30, 2003, outlines projects already underway to rebuild the country's infrastructure. Since 1997, the year Myanmar joined ASEAN, much has been done to rebuild its outmoded infrastructure, with scant resources, although much still needs to be done.

First, consider the education sector, from which the skilled, educated citizenry needed to participate in the democratic governance of a regenerated Myanmar must emerge. It has expanded from 38 tertiary institutions (1988) to 154 (2003). Much of this expansion has been by upgrading the regional network of two-year colleges to four-year degree college level; some has entailed building entirely new undergraduate universities such as those at Dagon and Thanlin in Lower Myanmar (60,000 students) and Yadanabon outside Mandalay in Upper

Myanmar (16,000 students).⁴ Other initiatives involve entirely new institutions, such as the two computer sciences universities (one each in Lower and Upper Myanmar) and the Maritime Services University. The number of medical schools has also increased, from four in 1988 to 15 in 2003. These 154 tertiary level institutions are managed across 13 ministries; they do not all come under the Ministry of Education which is responsible for 63 colleges and universities. There is also a University for the Border Areas and Minority Peoples.

However compelling the architecture of this renewed educational effort, it is the substance of the curricula, the quality of teaching, and the management skill of key administrators that is most important. Across this period, 1997 to 2003, the education budget increased, albeit from a very low base. However, much of this increase was expended on construction of buildings to update the physical infrastructure, and there are worrying signs that, in view of the severe financial constraints the country is now facing, the budget in real terms is being reduced as construction programs wind down. In short, the training and pay for teachers is, and has been, seriously under-funded.

For the future of Myanmar's younger generation, it is critical that the "quality" issues now be addressed. There needs to be massive investment in Myanmar's human resources in the form of scholarships to improve the knowledge and skills of the teachers. This invest-

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ment will have to come from the international community, to make available to the younger generation in Myanmar educational opportunities which in the 1960s and 1970s were liberally bestowed on Thailand, Malaysia, Indonesia, and the Philippines in the form of scholarships to the prestigious centers of learning in the West. This long-

term investment is paying off, for without it the advances made toward democratic governance in these countries over the past 30 years probably would never have occurred. Similar far-sighted policies from the international community are needed for Myanmar, to create the human resources the country so desperately needs to sustain democratic governance.

In Myanmar, government investment in other socio-economic sectors becomes evident as one travels through the country. Resources expended on the health sector are increasing the numbers of health facilities, rural health centers, and township and provincial hospitals, includ-

⁴ The established older universities, such as Yangon, Mandalay (where there is a huge new multi-purpose building for both classrooms and offices), and the Institute of Economics in Yangon are now dedicated to graduate study. These remained open when undergraduate classes were closed from 1996 to 2000. After the May 30, 2003, incident, universities were again closed, but re-opened after one week.

ing facilities available in sensitive border areas for the minority peoples. But again, the “quality” of human resources must be addressed, in addition to the overwhelming need for equipment, medical supplies, and sufficient pay to keep professionals on their government jobs. Many remote areas have no health care facilities at all. Myanmar’s health sector relies heavily on volunteers. In 2000 the doctor-to-population ratio was 30 doctors per 100,000 people, and there were only 27 nurses per 100,000 people.⁵ Many of the significant quality issues arise from institutional arrangements whereby doctors (as with teachers and other professionals) are still part of the civil service and may be transferred at will, or at least every three years, and must cope with exceedingly low salaries and scant resources.⁶ Many leave for more lucrative jobs in the private sector, or move overseas.

Although the health sector is under severe stress from the cumulative effects of HIV/AIDS,⁷ malaria, tuberculosis, respiratory illnesses, and anemia, Myanmar also has some achievements in this sector. The government reports relatively high immunization rates compared to other developing countries: in 2000, 92 percent of infants were reportedly immunized against tuberculosis, 88 percent against diphtheria, pertussis, and tetanus, 87 percent against polio, and 86 percent against measles. Annual tetanus coverage aims to cover 80 percent of the population. The incidence of children with visible goiter was reduced from 33 percent in 1994 to 12 percent in 1999 by means of a nationwide iodized salt program implemented with assistance from the United Nation’s Children’s Fund (UNICEF). These vaccination programs are being extended to the border areas and minority peoples. Other small achievements: in 2001, 20 promising young scholars were sent by the government to Britain for medical training, a return to the State Scholar program that was initiated in the 1950s;⁸ at a considerable cost in foreign exchange, the Institute of Medicine I in Yangon has gained modern teaching equipment and an intranet connecting it to the Institute of Nursing.

⁵ By way of comparison, in 1997 the Philippines had 123 physicians and 418 nurses per 100,000 people; Bangladesh had 20 physicians and 11 nurses per 100,000; and Cambodia had 29 physicians and 73 nurses per 100,000.

⁶ In 2000 a university teacher’s salary was \$10 per month after 10 years service, \$20 per month after 20 years service. (In 2001 all civil servants were accorded a small salary increase.) Many teachers survive by running private tutoring businesses after hours; doctors often run private clinics.

⁷ The estimated number of people in Myanmar living with HIV/AIDS has been listed as 420,000 compared to Thailand’s 670,000; total deaths in Myanmar from AIDS are estimated at 48,000. The Joint United Nations Programme on HIV/AIDS (UNAIDS), 2003, <<http://whosea.org/hiv aids/factsheet>>. Myanmar is cooperating with international agencies, especially the World Health Organization (WHO) on HIV/AIDS policy for prevention and treatment. Research by Mahidol University in Bangkok has tracked infections spreading in an asymmetric curve from the border into Thailand’s heartland via migrant workers from the Thai/Myanmar border towns of Ranong, Sangkhlaburi, Tak, and Tachilek.

⁸ Personal communication with Professor Myo Myint, Rector, Institute of Medicine I, Yangon, May 2001.

Nonetheless, some 43 percent of Myanmar children suffer from malnutrition⁹ and the major domestic non-governmental organizations (NGOs) (there are over 50 professional, religious, and welfare associations), plus the quasi-governmental Myanmar Maternal and Child Welfare Association (MMCWA) and the Myanmar Medical Association (MMA), offer feeding programs for children at risk, health education programs, pre- and post-natal care, family planning and birth spacing, maternity homes, and day-care centers.¹⁰ The work of the other NGOs providing health, health education, and welfare services is a good example of the cooperation between civil society and the government in seeking to improve the well-being of vulnerable populations in Myanmar.¹¹

Transport, communications, industry, agriculture, and the environment tell varied stories about government-directed projects trying to accelerate the country's development, and to bring it into line with its more developed ASEAN neighbors. By way of example, the World Bank in 2002 estimated that in 1997 annual electricity consumption per capita was 57 kilowatt hours (compared to 108 in Bangladesh and 587 in the Philippines).¹² Some 80 percent of Myanmar's energy needs in rural areas is still provided by wood-fuel, a clear poverty indicator.¹³ Myanmar's National Commission for Environmental Affairs (NCEA) stated that in 1997 only 37 percent of the country's 31,430 km of classified roads were paved, and another 14 percent improved, meaning that half were little more than dirt tracks, a situation the government has sought to address by expanding the transport network. Many government projects in the past three years have been applied towards extending the electricity grid by means of hydropower from newly constructed dams. The NCEA, in its 1997 *Myanmar Agenda 21* report, identified outdated and inadequate infrastructure in both the transport and communications sectors as major constraints on the country's economic development.¹⁴

⁹ Australian Agency for International Development (AusAID), "Budget Papers," Canberra, 2002, available at <www.ausaid.gov.au>.

¹⁰ In the period 1998–2000, I observed several such centers operating in Upper and Lower Myanmar.

¹¹ Civil society works in tandem with government in developing countries emerging from authoritarianism by operating in both horizontal and vertical modes simultaneously. It should not be compared to civil society in developed countries, which are accustomed to adversarial modes of operation. See David C. Schak and Wayne Hudson, eds., *Civil Society in Asia*, Aldershot: Ashgate, 2003.

¹² World Bank, *World Development Report 2000/01: Attacking Poverty*, New York: Oxford University Press, 2002, p. 309; also for comparative data, see Asian Development Bank, <adb.org/Documents/Books/Key_Indicators/2003>.

¹³ Moreover, widespread use of wood-fuel severely impacts fragile mangrove forests in the coastal zone; both academics and the National Commission for Environmental Affairs (NCEA) have called for nationwide rehabilitation programs in these areas.

¹⁴ NCEA, *Myanmar Agenda 21*, Yangon: Aung Din Associates, 1997, pp. 97–98. Heho airport, serving Taunggyi in Shan State, was recently upgraded so that Fokker F-28 aircraft could use it. Myanmar has 26 airports, of which the F-28s use 18. See *Myanmar Information Sheet*, October 13, 2003.

The prime minister's state of the union address pays notable attention to the actions taken to address these deficiencies, namely expansion of the number of airports, bridges, roads, electricity generation capacity, and other facilities necessary to support economic development. I have visited the new international-standard airport at Mandalay, the computerized deep sea port at Tilowa facing the Indian Ocean,¹⁵ the new multi-lane highway through central Myanmar to Pagan, the bridges at Sagaing and Thanlin, and the Information and Computer Technology Centre outside Yangon (funded by Japan, and established to support Myanmar's leap into the computer-age).¹⁶ The traveler to Upper

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Myanmar will be struck by the large number of satellite dishes on houses in the commercially-oriented city of Mandalay. This infrastructure expansion is a notable effort for a developing country emerging from socialism, in transition to a market economy, with scant public resources, yet facing continuing economic sanctions by some of the Western democracies.

The key agriculture sector employs 64 percent of the labor force and accounts for around 48 percent of GDP.¹⁷ After five decades of central government controls, the rice trade is being deregulated, reducing the government's role in procurement and marketing. Moreover, a review of land tenure/property rights arrangements was recently launched.¹⁸ Such measures are already improving crop output; and the agriculture sector contributes a significant percentage of Myanmar's export income.¹⁹

Myanmar's plans for advancement are identified by *Myanmar Agenda 21*, which offers a blue print to revise its laws and to bring them into line with the demands and needs of a modern state. Many statutes hearken back to the colonial period; a thorough revision would

¹⁵ This extensive, strategically located port, was built with Chinese funding out of Hong Kong.

¹⁶ Some schools, colleges, and universities are now equipped with computers; a network of some 200 e-resource development centers are attached to the universities to teach computer skills, as do private tuition schools in Yangon; an intranet operates between the universities in Mandalay and Yangon; email is increasingly available as a new communications law permits expanded Internet use, making it available to the private business sector and the foreign community.

¹⁷ World Bank, *World Development Report*, 2002.

¹⁸ On October 5, 2003, the *Myanmar Times* announced a seminar at the Ministry of Agriculture and Irrigation to review land tenure arrangements, focused on farm sector liberalization and land use policies in China and Vietnam. Land tenure arrangements in Myanmar are complex; they differ in Lower and Upper Myanmar, with mixtures of individual and community tenure. By law, under the Land Nationalization Act 1953, land titles reside with the State, although farmers do have usufruct rights.

¹⁹ See Tin Maung Maung Than, "Burma/Myanmar in 2001," *Asian Survey*, vol. 42, no. 1 (2002), pp. 115–123.

enable Myanmar to address key issues which impinge not only on its socio-economic development, but also on human rights issues, which are at the heart of democratic governance. There is no doubt that a modern, developed state needs good governance. Not to do so will entail vociferous criticism, and rightly so. On this issue, Myanmar might consider establishing a Human Rights Commission, as Thailand has done, to provide a necessary focal point for improving its record on this important aspect of democratic governance.²⁰

It is time for Myanmar to address the quality issues, the issues of human well-being,²¹ which cannot be adequately addressed except through embracing democratic governance. History provides plenty of evidence that economic development alone does not keep authoritarian governments in power. Indonesia under Suharto is a case in point; Thailand in the early 1970s is another. But economic development is an essential process to provide resources from which civil society can grow.²² Tragically, economic development has been severely stunted in Myanmar.

The seven-point plan indicates that the government is aware of steps it must take for Myanmar to prosper. Myanmar's ASEAN neighbors have substantial stakes in Myanmar's

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future stability and peaceful development, and recognize the significance of the latest attempt to return Myanmar to democratic governance.²³ The high-level changes leading to General Khin Nyunt's elevation to prime minister are significant both in their structural dimensions and future possibilities. Some "civilianizing" of the government may be underway as the current cabinet of 35 includes 10 civilians, although several are retired generals, and

contradictory evidence is to be found in recent deputy minister appointments, which are drawn from active military commands. Emphasis on the position of prime minister, instead of the president (as has been the case since General Ne Win's 1962 coup), could mean that the new

²⁰ The Minister for Home Affairs, Colonel Tin Hlaing, chairs Myanmar's Human Rights Committee, which was established in response to international demands.

²¹ I am inspired by the "capabilities philosophy" of Amartya Sen, who sees poverty as deprivation of capabilities and not just lack of a certain income level, and which may be applied to nations as well as individuals. "Well-being" requires enhancement of the capabilities.

²² See Jan-Erik Land and Svante Ersson, *The New Institutional Politics: Performance and Outcomes*, London and New York: Routledge, 2000, pp. 280–285. They identify affluence as the crucial factor in achieving frameworks for the protection and respect of human rights.

²³ Even though the plan has no explicit reference to the NLD or the role of the minority groups.

constitution will more resemble the Thai than the Indonesian model, although the principles agreed upon by the National Convention thus far (1993–96) establish a strong presidential system like the Indonesian constitution.

Since 1997, the SPDC has upgraded some infrastructure across all sectors—education, health, transportation, and communication—but the real tests for state and regime security will be the capacity to provide human security for all the citizens of the country.

Now, what of the other parties? How should their actions be tested? At various times in Myanmar's post-colonial history, traumatic events have precipitated a mass exodus of the country's skilled people.²⁴ Not only have these events led large numbers into exile communities around the world, but they have also produced social disequilibrium in the country by creating a noticeable gap between the very young and the middle-aged or elderly; the consequence of this flight is that a critical mass of those in the 30–50 year age bracket is poorly educated and has little understanding of the world beyond Myanmar.

The various civil conflicts have produced the Burmese diaspora, where some devote their energies to opposing the Myanmar government, refusing to acknowledge the name change and spotlighting casualties from the conflicts. While most who fled can document serious repression and personal suffering, a few have made a career of opposing the military government. This spotlight turned on the actions of the military government by the exiles has contributed significantly to raising awareness in Yangon of the need to prevent human rights violations, reduce use of forced labor, and expand drug suppression operations. Had there been no effort by the exiles and from international organizations such as the International Labor Organization (ILO) or Amnesty International, there would have been little incentive for the government to improve its report card.²⁵ While some progress has been made, particularly on drug suppression and reductions in the use of forced labor, violations of human rights still occur to an unacceptable degree.

If Myanmar wishes to resume its place in the international community, it must take active measures against human rights violators. On this issue, the Australian government's human rights workshops held in Myanmar for mid- and senior-level administrators and bureaucrats have been an important initiative in helping to raise awareness within the bureaucracy of the

²⁴ This happened when the civil war erupted after independence from Britain on January 4, 1948; again after the military coup by the late General Ne Win on March 2, 1962; and yet again during the 1970s and after the tragic 1988 uprising and civil unrest following the 1990 election.

²⁵ An ILO office opened in Yangon in 2002. Amnesty International also began fact-finding missions inside Myanmar in February 2003.

country's human rights obligations.²⁶ A thorough review of Myanmar's legal framework is also needed to correct policies on this important issue, with earnest consideration given to creating an independent judiciary. The efforts of the exile communities and human rights groups have significantly improved awareness of these issues, both domestically and internationally.

The critical step however, is getting remedial action translated into policy within Myanmar. Human rights are respected more in countries where sustainable growth and opportunities for a better standard of living spread throughout the society. By this logic, those who wish to see

Sanctions sustain authoritarian governance. They play directly into the hands of those whose interests are served by no resolution of the political impasse.

an end to human rights violations should be fostering strategies which support Myanmar's economic and social development, for these produce the leaders and the policies needed to sustain a viable democracy with a high regard for human rights. Instead, we are now faced with an illogical international policy of economic sanctions, which could destroy the already fragile economic and social fabric

of the country. This sanctions policy should therefore be reversed. It is only through economic and educational development together that a country can create the critical mass of educated, skilled people and maintain the institutions required to sustain a viable democracy.

There is plenty of research that supports the argument that sanctions do not create the conditions by which a country moves from authoritarian to democratic governance.²⁷ In fact, the reverse is true: sanctions sustain authoritarian governance. They play directly into the hands of those whose interests are served by no resolution of the political impasse. In the target country, the application of sanctions generally increases nationalistic fervor and a determination to follow policies of self-reliance.

Indeed, there has been an independent assessment of the impact of the most recent round of economic sanctions imposed by the United States following the May 30, 2003, incident. World Vision has identified that the largest impact of the sanctions is on factory workers in the textile industry, which, up to that time, had been exporting to U.S. markets. These are private, rather than government-run, factories, but their hard currency earnings represented a significant proportion of Myanmar's export trade (most of which is in primary products with China, India, Singapore, and the other ASEAN countries). The impact of sanctions is thus already

²⁶ The Australian government suspended the workshops following the May 30, 2003 incident, but has stated that it will resume the program when Aung San Suu Kyi is released.

²⁷ See Robert A. Pape, "Why Economic Sanctions Do Not Work," *International Security*, vol. 22, no. 2 (1997), pp. 1–40.

falling on vulnerable people, mostly women in Myanmar's small industrial sector.²⁸ Some of these women are reportedly resorting to prostitution to support their families.²⁹

Critics of the government have been able to focus the world's attention on human rights issues in Myanmar, but have not been able to put in place any programs which would provide a better quality of life for people in the country. On the contrary, the effects of the economic sanctions, which the opposition has fostered, have impacted severely the already vulnerable people of Myanmar, making their quality of life even poorer.

The Strategic Framework

Myanmar is located geo-politically in a very sensitive region, not just with respect to ASEAN, but between China and India, both nuclear powers. The results of the ninth ASEAN summit make it clear that the region is looking to China to bolster its bargaining power vis-à-vis the United States in the future.³⁰ China is a strong supporter of Myanmar and has substantial investments in the country. As global alliances change in the aftermath of the Iraq War,³¹ the region is moving closer to China, both economically and politically. Myanmar may choose to capitalize on this. At Tilowa, for example, facing the Indian Ocean, Myanmar has a substantial deep sea port. China has interest in using this as a base for a future Indian Ocean nuclear submarine fleet. China has also helped to fund a multi-lane highway linking the port with Yunnan, a strategic road running straight through the Irrawaddy Valley. While it is Myanmar government policy not to allow any foreign country to establish a military base on its soil, one would be reckless to discount such a development under certain circumstances.

²⁸ Myanmar's industrial sector, including mining, energy, and manufacturing, employs only 10 percent of the labor force. See Asian Development Bank, *Country Assistance Plan (2000–2002): Myanmar*, Manila: Asian Development Bank, 2000.

²⁹ World Vision's research was supported by the British parliamentarian Baroness Shreela Flather, who visited the country on September 24, 2003. Interview in *Myanmar Times*, October 5, 2003.

³⁰ The stance of Japan both at the summit and in the wake of the May 30, 2003, crisis may be a tactical error. Even though Japan has large investments in the Southeast Asian economies, some in the region see the Japanese government as a U.S. cipher. Moreover, because of its weak economic performance Tokyo has lost prestige in Southeast Asian eyes. Conversely, many Southeast Asians no longer fear China as they did four decades ago, and are preparing to plug into China's increasing economic power to bolster their own economies as the U.S. economy has weakened. If current trends continue, in five years time this bloc could be strong enough to start to take a more independent stance toward the United States.

³¹ Even before President Bush signed into force the latest round of punitive economic sanctions against Myanmar, China had announced a further \$200 million investment to assist Myanmar with infrastructure development, particularly in electricity generation capacity.

Will the sanctions then be lifted? Myanmar's overarching priorities are its independence and autonomy; it will do whatever it must to protect these. For the moment, its regional partners in ASEAN have proven to be good friends. Within the coming decade, Myanmar, with its wealth of natural resources, may become the lynchpin between South and Southeast Asia. Should the United States maintain its sanctions policy it would miss an opportunity to help shape strategic relations in a region which it saw fit to defend against single power dominance in World War II, through the Southeast Asia Treaty Organization (SEATO) and the Vietnam War, and in the past decade through the Asia-Pacific Economic Cooperation (APEC) forum.

Conclusion

So, to which party would King Solomon award the prize? The jury, it seems is still out. Until Myanmar's seven-point plan for evolution toward democratic governance was presented, the typical pattern of relations between all the contending parties could be described as "winner takes all." And it appeared that none of the parties had the capacity to participate in "win-win" negotiations. In other countries similarly beset with intransigent civil conflicts, "truth and reconciliation commissions" have been established. This model has been suggested for Myanmar, but it is doubtful that it would be embraced. Myanmar's approach to handling leaders who have strayed too far from the Buddha's injunction to follow the Middle Path is to rotate them out of public office. This approach is now creating leaders with a mix of useful strategic skills who may be competent to steer the country through the shoals ahead. The current leadership group is neither monolithic nor unchanging, and is of quite different composition from that which seized power in 1988, or that in earlier juntas. Nonetheless, despite these moderations in governance, it is unlikely that power will be transferred entirely to civilians in the near future.

However, the effect of the recent round of sanctions, if maintained for long, will compel resource-rich Myanmar to further rely upon itself, and on its immediate neighbors. It will likely proceed with its plans for Myanmar-style democracy, which may eventually resemble that of its neighbors in Singapore, or Malaysia, or Thailand. But the cost to the United States of this outcome might easily be a resource-rich country in a geo-politically sensitive region that is aligned with non-Western interests. Myanmar has much to offer the United States by cooperating in the "war on terrorism" (in which it was an early and willing partner) and committing to drug suppression operations. The younger generation is waiting for the "sustainable" future it deserves. To bring about this future, the U.S. policymaking community should reverse the sanctions policy, put in place a program of economic investment in Myanmar, assist with human resource development in the form of scholarships, and support Myanmar's nascent civil society through capacity building programs.

The Role of Minorities in the Transitional Process

Seng Raw

Introduction

Political violence erupted shortly after Burma's independence in 1948, when the Communist Party of Burma (CPB) began an insurrection against the central government. While initially a Burman-led uprising, ethnic minority groups were soon caught up in the political chaos engulfing the country. Some minority citizens chose to fight alongside the CPB, but for most this decision was simply a question of survival, not of ideology. This event provided an early illustration of an ongoing legacy in national politics—that if there were conflict in Myanmar, even if just among the majority Burmans, the ethnic minorities would also suffer from the consequences. When considering Myanmar's constitutional process and its sustained development, it is therefore essential to understand the interests and sentiments of the minority nationalities.

One after another, the ethnic nationality groups took up arms following the CPB revolt to advance their struggle for minority rights and local sovereignty. From the outset, the right to self-determination has been a basic belief among nationality parties, but over the years ethnic minority discontent has continued to grow as the gap in development between the minority states and central Myanmar has widened, despite the interdependence of these areas in terms of resources.

This uneven distribution in wealth and power between central Myanmar and the ethnic minority states—as well as inadequate communications and infrastructure—has led both

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urban and rural minority peoples to side frequently with the armed opposition. During decades of conflict, almost every family among the minority communities had at least one member join an armed opposition group, or suffer imprisonment on suspicion of insurgent connections, or both. As a result, the cause of ethnic rights and justice, which originated as a political struggle, increasingly took on overtones of civil discrimination. These attitudes became more entrenched through fighting and abuses committed during counter-insurgency operations. Society in Myanmar, in turn, became polarized, with mistrust between the minority peoples and majority Burmans becoming a deep-rooted problem.

After splitting in 1968, the CPB moved from central Myanmar into minority areas of northeast Myanmar, before it finally collapsed in 1989. The main cause for this break-up was resentment by the non-Burman rank-and-file toward the Burman-dominated leadership. When the CPB broke down along ethnic lines, armed groups broke away from the party and formed new nationality organizations of their own. They abandoned dogma and ideological goals, negotiated cease-fires with the government, and then turned their attention to business interests and the welfare of their conflict-devastated communities.

The collapse of the CPB, coupled with the coming to power of the military's State Law and Order Restoration Council (SLORC) in 1988, triggered a movement for peace that spread to most armed ethnic groups in Myanmar during the 1990s. Ethnic nationality armies, as well as the local civilian populations, had become weary of long decades of struggle and hardship. Moreover, when neighboring China stopped supporting the CPB in the late 1970s, the main source of arms for ethnic minority forces in northeast Myanmar also dried up. The peace agreements between the SLORC and CPB defectors in 1989 also affected the environment of armed conflict in the countryside, making it difficult for non-communist minority armies in neighboring parts of the country to continue with their armed struggle.

Some regard the peace agreements as opportunism, but they are wrong. Although rarely acknowledged in the international community, the emergence of the new SLORC government in 1988 offered the first opportunity in many years to negotiate peace. In particular, the regime's attitude toward ethnic armed groups differed significantly from that of the Burma Socialist Program Party (BSPP) government, which the SLORC replaced. No pre-conditions were set on territorial issues or the right to bear arms in the cease-fire terms. This time, the armed ethnic forces kept their weapons after the negotiations, and were also given the opportunity to engage in regional development programs.

For these reasons, the failure of the international community to recognize the significance of the peace process has been a matter of great frustration and disappointment for many ethnic minority peoples. Our concern was raised at the Bonn Conference in 1998, and our sentiments have been expressed at every available opportunity since then.¹

The question now is how to proceed with the vital task of providing aid without disrupting the equally crucial reconciliation process and development of a new constitution. In essence, a careful and integrated approach is needed between the governmental and non-governmental sectors to support this process. It is of paramount importance that aid—whether developmental or humanitarian—be provided in an equitable manner so as to heal past divisions and help the different nationalities work together in this critical period of Myanmar's history.

In any aid and development process, it is essential that local institutions are enhanced rather than undermined by international efforts. This means that contact and mutual understanding must be established with all parties involved in Myanmar's ethnic crisis, including those that have long been in the front-line of the problems affecting the country.

For this to happen effectively, informed and sophisticated approaches will be needed to support sustainable solutions. For example, destruction of the poppy crop alone is not the answer to the illicit drug problem—one of the most serious challenges facing the country. Farmers need to learn about, and have funding for, economically viable substitute crops, while local communities in these impoverished areas must be supported with humanitarian and long-term infrastructure aid to recover from conflict and resist the temptation to re-enter the lucrative drug trade at a later date. Psychological factors are now in play, with the interests of local farmers frequently pitted against concerns of local authorities, including several of the cease-fire groups. In particular, poor farmers feel that they are often singled out for persecution and blame, while local leaders may, for their part, be reluctant to take action against the struggling farmers and communities who were their main supporters during the difficult years of armed conflict.

Destruction of the poppy crop alone is not the answer to the illicit drug problem.... Farmers need to learn about, and have funding for, economically viable substitute crops.

To address this complex challenge, broad-based engagement will be needed by non-governmental and governmental organizations alike, by community and religious-based groups,

¹ See, for example, Seng Raw, "Views from Myanmar: An Ethnic Minority Perspective," in Robert H. Taylor, ed., *Burma: Political Economy under Military Rule*, London: Hurst, 2001, pp. 159–163.

as well as ethnic cease-fire parties. All should be sustained if they can work with each other through forward-looking and well-crafted programs crucial to building civil society. Such needs, especially in post-conflict transformation, are not unique to Myanmar, but in our country it is especially important now that comprehensive rehabilitation and re-integration programs be established for both civilians and members of armed groups. In this context, it is useful to recall the experience of the USAID-funded Post-War Mozambique Project, where demobilization and the return to civil society of former combatants were regarded by both national politicians and international donors as vital to the country's future and stability.

Indeed, in Myanmar's case, it can be argued that reconciliation efforts between soldiers of ethnic minority forces should be started as early as possible—even before demobilization has begun. The cease-fire process has endured for over a decade in Myanmar, yet the international community still fails to grasp the opportunity it affords and respond to minority needs.

Finally, it is important to stress that any form of international aid program, including resumption of bilateral aid, should give priority to those regions of greatest need. Regard must be given to the conditions and grievances that have underpinned Myanmar's political and ethnic

The ethnic minority states have been critically disadvantaged and generally lag far behind the rest of the country in terms of infrastructure and economic development, especially in power generation, transport, and telecommunications.

crisis for over five decades since independence. In this respect, it is vital to bear in mind that the ethnic minority states have been critically disadvantaged and generally lag far behind the rest of the country in terms of infrastructure and economic development, especially in power generation, transport, and telecommunications. The international community has too often responded to the humanitarian and development challenges in Myanmar in terms of separate "crises" or "emergencies" (such as nar-

cotics, HIV/AIDS, poverty, refugees, or infrastructure), but has failed to understand the centrality of the ethnic nationality cause to these issues. At this vital moment in Myanmar's history, international agencies should realize that continuing to approach humanitarian and development problems in singular or agenda-driven ways will actually accentuate differences between nationalities rather than solve long-term problems and integrate civil society, which has long been the desire of the ethnic minority peoples. Ethnic inclusiveness and understanding, therefore, must be an essential feature in meeting the vital challenges of reform and progress that all the peoples of Myanmar face in the twenty-first century.

Chronology of Ethnic Nationalities in the Mediation Process²

Kachin, Shan, and Chin leaders came together for intense consultations before agreeing to take part in the formation of a new independent Burma in 1948. This crucial decision paved the way for the Burman, Kachin, Shan, and Chin ethnic groups to join hands in true confederation spirit to realize their aspirations for a united Burma. The Kachin, Shan, and Chin states, as they stand today, are not dominion states mandated by the government of the Union of Burma. Rather, it was primarily through the consent of the ethnic nationalities to integrate that the Union came into existence.³

On August 30, 2003, General Khin Nyunt announced the government's seven-point road map to nation-building. How have the ethnic nationality groups responded to this initiative?

On September 27, 2003, the Ethnic Nationalities Mediators Fellowship (ENMF) issued a statement welcoming the road map, and also made known its position to the UN special envoy Razali Ismail.⁴

On October 6, six ceasefire groups, namely the Kachin Independence Organization (KIO), Kayan New Land Party (KNLP), Karenni Nationalities Peoples Liberation Front (KNPLF), New Mon State Party (NMSP), Palaung State Liberation Organization (PSLO), and Shan State Peace Council (SSPC), issued conditional endorsements of the road map. These groups stressed the need for prior discussion among ethnic nationality leaders, recalling the workings of the Frontier Areas Commission of Enquiry that preceded the drafting of the 1947 constitution. They also called for the inclusion of non-cease-fire groups and other ethnic minority political parties (such as the United Nationalities Alliance and others), for more democratic and open meetings that would facilitate free discussions and exchange of ideas at the National Convention, and for reasonable proportions of their representatives to be selected by the ethnic groups themselves.

From October 13 to 15, a "tripartite" meeting of three cease-fire groups in Shan State agreed to send delegates to the National Convention provided that they were invited under the conditions of adherence to "democratic norms, equality, and coordination." The three parties are the United Wa State Army, the Shan State Army (North), and the National Democratic Alliance Army.

² This chronology is compiled from recent statements by different ethnic organizations and leaders.

³ Statement by Zau Seng, vice-chairman of the Kachin Independence Organization, November 25, 2003.

⁴ ENMF, "Statement of the Ethnic Nationalities Mediators Fellowship on National Convention," September 27, 2003.

On November 1, the ceasefire groups were invited to participate in the National Convention, with an allotted quota of five delegates for each organization.

On November 7, 2003, the Kachin Independence Organization and the New Democratic Army-Kachin (NDA-K) jointly outlined four conditions that would ensure their endorsement of the road map:

- 1) From the beginning of the National Convention until a new constitution is approved, to cease military maneuvers and fighting against the remaining non-ceasefire armed groups.
- 2) To declare a general amnesty for all political, administrative, and national offenders apart from criminal cases.
- 3) To involve all groups, parties, and ethnic representatives in formulating the constitution.
- 4) Preceding the National Convention, for a conference to be held where ethnic nationality leaders and representatives can have thorough discussions and give full support (similar to the Panglong Conference).

On November 10, the Kachin Nationals Consultative Assembly informed the Kachin people of its position in support of the road map, trusting that there will be “open and free discussion in order to build a just and true union.”⁵

General Khin Nyunt, who initiated the cease-fire negotiations in the past, is again taking the lead role in the constitutional process. The cease-fire agreements were crafted without requiring the laying down of arms as a pre-condition to talks. Unlike previous negotiations, the bearing of arms and territorial rights were not made priority issues. The fact that the groups were given the freedom to select their own representatives is a significant development. In the interest of reconciliation and nation-building, the ethnic leaders have been willing to approach the road map with an open mind, without prejudging its intent or goals.⁶

Given that this is the first positive initiative to emerge after more than a decade of political stagnation, the ethnic leaders feel that all parties should come together to work toward a common goal. Challenging the road map at this juncture, they believe, is not a constructive exercise. The National Convention will be meaningful to the extent that all political players are willing and able to participate in the process in good faith. Against this backdrop, ethnic leaders say that they are preparing to come up with safeguards to ensure that a history of failure does not repeat itself, and that the political legacy of the Panglong spirit lives on.

⁵ “Declaration of the Opinion of the Kachin Nationals Consultative Assembly on the Road Map of the State Peace and Development Council Government, Union of Myanmar,” November 10, 2003.

⁶ Statement of Rev. Saboi Jum, Shalom Foundation, November 5, 2003.

Will Western Sanctions Bring Down the House?

Kyaw Yin Hlaing

Introduction

For years Myanmar has been on the blacklist of Western countries due to allegations about the junta's human rights violations and its perceived failure to take effective action against drug producers. When the United States first imposed sanctions on Myanmar, the main rationale was to bring about political reform to improve the lives of Myanmar people and end the state's pariah status. This essay examines the effects of the sanctions on ordinary people in Myanmar in recent years.

Political Difficulties

Foreigners tend to focus on Myanmar's human rights violations against members of opposition parties and pro-democracy groups. Most Burmese have only a passing interest in politics; they are more concerned with day-to-day survival. Their struggle for basic needs was complicated by the junta's labor and forced relocation practices, which were rampant in the 1990s, and which led the United States and the European Union (EU) to apply the sanctions policy in an effort to put an end to these practices.

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Tragically, isolation has had the opposite impact. The presence of foreigners and international organizations in the country would effectively discourage local officials from relying on forced labor to meet objectives (in fact, in violation of central government policy). For instance, when more than a decade ago a local military commander was ordered to renovate the Mandalay Palace's moat, he required local residents to either donate money or contribute their labor. Middle class families contributed money, but poorer families had no cash and so contributed labor. This forceful demand for manpower became especially onerous in mid-summer when Mandalay was experiencing 100°F daytime highs. Although not mentioned in Myanmar's press or television, the international media launched scathing criticism. Because of BBC and VOA coverage, other foreign media also ran the story; even though many had no reporters in the country, they interviewed and used photos or video footage shot by tourists. Faced with such blatant evidence and such widespread international attention, local officials soon began paying people a daily wage. Although this ended the practice of forced labor in this instance, the lesson learned by local governments was not to abandon the policy but to be more discreet in applying it. Thereafter, few incidents were reported; however, the practice continues in rural areas not visited by foreign tourists.

Other violations of human rights became routine in the cities as a result of forced relocation. People frequently have been pressed to move from crowded cities into satellite towns established by the regional governments. While relocating residents from slums was seemingly beneficial, in fact they suffered long delays before electricity, water, sewage, and even decent roads were provided in the new towns. The slow development not only added to the hardship, but also compounded the costs for people who had to commute to their workplaces back in the city.

The treatment of the original residents who farmed the land designated for the new towns was no less draconian. Officers confiscated entire village tracts and their surrounding farmlands to build the new towns. Acting on the basis of eminent domain, they evicted residents from land they had farmed for generations. Officials divided the land into small plots, often distributing the prime land among themselves, and then giving the newcomers displaced from the city tiny plots measuring only 30 by 40 feet. The entire process was generally unreported because no foreigners observed what happened.

One exception was a forced eviction and relocation in Bagan, Myanmar's ancient capital. Concurrent with the abuses in Mandalay, Bagan's local military commander ordered people to move from the archaeological zone. (In the interval after 1988, when the country was more

receptive to tourists, local residents had opened small hotels, food, and craft shops; but the central government viewed Bagan as a major tourist destination and wanted to tidy it up, again through forced relocation of residents to new satellite towns.) The regional commander failed to take into consideration how these people could make a living in the new towns, some three or four miles from the ancient city. In Bagan enough tourists reported this abuse that each family was given a plot of land, some corrugated iron sheets, and other housing materials.

A similar mass removal drove some 250,000 native Rohingya Muslims from land they had farmed for generations into Bangladesh. This egregious confiscation drew international attention, which led to an agreement between Myanmar and Bangladesh, and the United Nations High Commission for Refugees (UNHCR) subsequently was allowed to open an office on the border. Local residents told me thereafter such incidents had dropped significantly.

When the international community calls attention to human rights abuses in general, the central government may feel some pressure, but often little changes at the local level. International frustration stems from the assumption that Yangon controls all the country's rural and outlying areas; however, the assumption is specious because it neglects a fundamental fact—that the Union of Myanmar is *not* a homogenous entity. Despite the ambitions of the military regime (and prior democratic governments), Yangon is unable to effectively manage many functions of government well; in fact, local and regional administrators often have great latitude. Demands to abandon forced labor in public construction projects are frequently ignored because local officials are expected to accomplish assigned objectives with inadequate budgets. This is especially evident in road construction. Central government officials usually depend on written reports from regional and local offices for their information, and can be honestly ignorant of its practice. The presence of international non-governmental organizations (NGOs) and foreign tourists helps to prevent local officials from resorting to this traditional practice in public or community projects.¹

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¹ Editor's note: This was common practice under Burmese monarchs, who expected local governors to respond to their edicts, and was sometimes used by British civil officers as well. Even during the democratic period in the 1950s, villages were occasionally compelled to use their own resources to meet the planning goals of the central government without compensation.

Economic Difficulties

The military seized control of Myanmar in 1962 and set about establishing a socialist economy to fit its ideology. That effort cut short an earlier promise of rapid industrialization that might have transformed Myanmar; instead, it became one of the world's poorest countries within 30 years. General Ne Win's "Burmese Way to Socialism" caused the standard of living to drop dramatically, frustrating everyone. Burmese have a classic Buddhist worldview that all humans live through three stages: that in the first people should seek education; in the second they should accumulate savings through work; and in the last that they should live off their savings and the support of their children while striving for the next life by seeking *dharma* (enlightenment). By the 1970s, few Burmese workers could retire because few had saved enough during the second stage of life. Indeed, many labored till the day they died without achieving *dharma* or enlightenment, creating a common view that their future suffering was linked to military rule, especially General Ne Win's bad karma.

Ordinary people were not the only ones affected by the drastic drop in the standard of living; government officials too were not spared as their salaries lagged behind inflation. As a consequence, by 1988 two-fifths of the population lived below the poverty line, a situation so

By 1988 two-fifths of the population lived below the poverty line, a situation so desperate that most people were ready to protest.

desperate that most people were ready to protest. The 1988 uprising culminated in nationwide demonstrations that brought down the socialist government, but a new junta led by General Saw Maung seized control before a new administration could be elected and cracked down on the pro-democracy movement. He created the State Law and

Order Restoration Council (SLORC), ostensibly replacing socialism with a market economy accompanied by drastic economic reforms. Myanmar was opened to foreign investment, and many sectors of the economy were nominally liberalized after decades of central government administration.

Opportunities for entrepreneurship also brought corruption. Consequently, during the election campaign of 1990 the opposition, including retired senior officers, denounced the military as corrupt, for the new foreign investments seemed to benefit military officers and their extended families the most. The opposition National League for Democracy (NLD) has since pressured foreign investors to leave Myanmar and asked foreign governments, especially the United States and the EU, to impose economic sanctions, intending thereby to minimize the financial benefits accrued by the military officials and their families.

But in attacking the economic ascendancy of military officials, the opposition groups failed to recognize that ordinary people also benefited from the opening markets. By allowing private businesses to export agricultural products, and villagers to grow whatever they wanted instead of following state directives, local entrepreneurs were making more money. The new system was improving the lives of people not connected to the military elite. Furthermore, there was a positive social impact from the economic changes. The school drop-out rate at primary and junior high school in the mid-1990s was significantly lower than in previous decades.² This improved school attendance meant that many ordinary people were beginning to benefit from the new economy. Increasing numbers of university graduates were getting jobs with foreign corporations, joint ventures, and private companies, and were drawing higher salaries than employees in the public sector.³ Even though the government sometimes closed the universities, many families could afford to send their children to more expensive private schools, computer centers, and intensive English-language institutes which sprang up in the cities throughout Myanmar.

Another group benefiting from the market economy were craftsmen who had previously eked out a living selling handicrafts to tourists. The opening of the country to foreigners prompted governmental promotion of tourism. For the first time in four decades, tourist visas were extended to four weeks. With foreigners lingering in their travels around the country, craftsmen were able to sell more handicrafts. Based on interviews in Mandalay and Bagan, their income was higher in the 1990s than at any previous time.⁴ In short, the employment opportunities created by the new market economy meant that many families enjoyed greater prosperity.

After the 1990 election and the house arrest of Aung San Suu Kyi, talk of power transfer or national reconciliation stopped. However, Suu Kyi's winning the Nobel Peace Prize in 1992 pressured the regime to modify its tactics, and it began to speak of a peaceful democratic transition "when the time was right" (although it never stated when the "right time" would arrive). Meanwhile, expatriate pro-democracy organizations began to pressure foreign

² There are no reliable figures for school drop-out rates, but this estimate is based on interviews with school principals and teachers in two primary schools and one junior high school in three different areas. The drop-out rate declined by 20–25 percent in the 1990s.

³ In the early 1990s, a university lecturer's monthly salary was about 3,000 kyats (\$25 based on the exchange rate at the time); a doorman at a private company by contrast made \$75.

⁴ Nonetheless, many still were unable to keep all their children in school until graduation. One craftsman keenly wanted to see all his children through school because he had not finished primary school himself. He especially wanted his eldest, then in high school, to go on to college, but had accepted that his three younger children could only finish junior high school before they would have to work.

companies in Myanmar to leave. Their method was modeled after the South Africa divestment campaign, to convince shareholders to pull out. In addition to stockholder pressure, expatriate Burmese organized protests that were widely covered by the media in Europe and the United States. Foreign companies that had invested in Myanmar were targeted as helping the military regime and denounced as contributing to the government's corruption. An early example was Pepsi, which pulled out after Harvard University refused to renew a contract because of Pepsi's Myanmar operations. Dozens of other global corporations followed suit, until nearly all but the energy corporations had left the country.

During this same period international human rights organizations and overseas Burmese pro-democracy organizations effectively lobbied Congress to impose economic sanctions, and in 1996 the Clinton administration acceded to their request. Although the terms of sanction were narrow, it was clear that no new U.S. investments would enter Myanmar. The EU soon followed suit, with sanctions that mainly targeted the military (denying visas to senior officers).

The EU also discouraged new European investment in Myanmar, leaving the country dependent on the Asian capital market. Even that dried up with the Asian financial crisis of 1997–98, which forced many companies into bankruptcy.

The collapse of Western and Asian investments severely challenged Myanmar's market economy, a crisis compounded by the limited entrepreneurial experience of most senior military officers.

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ficers. Myanmar tottered on the brink of economic breakdown. Fiscal problems were exacerbated by the junta's policy of printing ever-more money and refusing to change an exchange rate tied at 6 kyats to the dollar since 1948 (the black market rate of 100 kyats to the dollar in 1990 had increased to 1,000 kyats by 2002). The enormous discrepancy in exchange rates and the inflationary practice of simply printing more kyats to meet budget shortfalls encouraged widespread speculation in kyat futures, exacerbating every basic economic problem.

Unemployment had spiraled out of control by 1998. There is no reliable information about how many people lost jobs; unofficial estimates are between 20 and 30 percent of the workforce. Many now must work several part-time jobs, doing whatever menial work they can find. Farmers can still export agricultural products, but their markets are severely limited by sanctions, which mean traders have less bargaining power with their few foreign partners.

Although agricultural exports increased, domestic prices shot up. To stabilize the fluctuating black market exchange rate and the volatile trade prices, the military government re-imposed export controls by restricting the licensing of products for export, accentuating uncertainty as to what actually could be sold for hard currency. For example, traders sometimes were allowed to export sesame and beans before officials would arbitrarily revoke their licenses. The international sanctions, the return to central government manipulation of the market, and subsequent mismanagement are all contributing to widespread suffering, especially in rural areas.

The recent economic decline has created a sharp rise in school drop-out rates, especially in rural areas.⁵ I returned to Mandalay in early August 2003 to study the economic situation, and sought out craftsmen to determine how they were making a living since the tourist industry was no longer viable. I was taken to watch some 150 people wading waist deep toward the middle of the lake near Mandalay, holding fishing poles and small receptacles for their catch. To better understand the situation I waded out to interview the craftsmen-turned-fishermen and asked an obvious question, why were they not fishing with nets so that they could catch more fish. They explained that they could not get a license to do so. In fact, a permit from the government was needed to fish at all. Deprived of tax income, the local government had granted licenses to fish from boats only to big businesses. While relaying that information, a fisherman gestured to a boat in the middle of the lake to emphasize his point, adding that only bigger businessmen with licenses could fish with nets.

Troubled by this state of affairs, I waded ashore and struck up a conversation with a couple lunching nearby to determine how they made ends meet. The husband was eating no meat or fish, only rice and fried tamarind leaves; his wife sat nearby and asked who I was. I presented myself as a schoolteacher and writer concerned about the economic situation. They invited me to sit and entertained my questions. After a commenting on the weather, I remarked on his lunch, "You probably don't eat fish because as a fisherman, you're fed up with fish." He replied:

Neither I nor my family can eat fish because I must sell my catch to support my family, otherwise we have no income. If I eat a fish, it means less money for my family and we won't have enough for dinner tonight. We cannot afford to eat meat.

⁵ Increasing numbers of children were not attending school. In late June 2003, when I accompanied a teacher friend to her school, we went to the eastern part of Mandalay to observe the main road which people from the outlying areas use to commute. By 7:30 a.m., many laborers had passed, including a group of children, who recognized my friend and called out, "*sayama, sayama!*" (the term of address for a female teacher). These children, around 10 years old, were walking to work because their families could not afford to keep them in school.

We have four children. Our eldest is 15, a girl who works as a maid; the second is a 13 year-old boy who works as a waiter in a teahouse, and our two youngest, aged 7 and 2, stay at home.

His wife interrupted to say that she had given birth to two babies between the second and the third ones (1993–95), but because they were poor at the time and had no money for medical care, one was stillborn and the other died at age 3. She spoke matter-of-factly and was happy to talk about their surviving children, so I asked whether they sent them to school. The two eldest had dropped out after fourth grade. Their second child especially showed great promise, but they could not afford to send either to school anymore. I asked how they could afford to do so before. The wife replied:

We were not well off then, but were not as poor as now. My husband is a woodworking artist and sold his creations mostly to tourists. But after the sanctions, the tourists stopped coming and my husband couldn't make a living out of woodcarving. So, he turned to fishing. Our income is so low we no longer send our children to school. I also make a little money by rolling cheroots.

We can make up to 200–500 kyats a day when I find work, but this isn't enough because our family needs 700–1,000 kyats a day to survive. That's why we have to live frugally and not have any meat. In fact, the last time we ate meat was two months ago.

Five other families among the fishermen related similar stories to this case—each had been craft workers, but after the collapse of tourism they now fished to survive. Of the six families only one sent a child to school; the rest could not afford to do so. About 300 people were living off fish from the lake, yet most had previously made livable wages as craftsman, construction workers, performers, or farm workers. While starvation is not yet evident, many fear that the time is near when they will no longer have even two meals a day. Already, most villagers can no longer afford to eat fish or meat; instead their diet is vegetables, rice, and fish sauce or fish paste curry, which on a long-term basis would lead to malnutrition.

After leaving the lake, I went to a new campus of Yatanabon University to call on old friends and lecturers. We visited a nearby teahouse where waiters in their early teens were serving the customers. I talked to the waiters and learned that they came from rural areas and worked in the teahouse to supplement their families' income, because their parents could not afford to send them to school. The waiters' incomes ranged from 3,000 to 7,000 kyats (\$3–4) a month, depending on their experience, in addition to free food and lodging.

These findings seem to contradict government reports that hundreds of thousands of youngsters now have the opportunity to attend hundreds of new primary and secondary schools, while established schools have been renovating older buildings with new IT rooms, and have widespread access to computers. The reality is that Myanmar has more and more illiterate children, and the school drop-out rate is climbing sharply. This decline in school attendance cannot be ascribed simply to rising high school fees; rather, families are so poor that they cannot afford any fees, let alone books. Too many Burmese teenagers can no longer think or plan about their future because they are living hand-to-mouth. It was an irony to see Yatanabon University, one of the biggest new universities in Burma, with all these teenagers living nearby, with keen desire to attend, but unable to do so. When I asked what they wanted out of life, the waiters uniformly replied “to support my family.”

This decline in school attendance cannot be ascribed simply to rising high school fees; rather, families are so poor that they cannot afford any fees, let alone books.

After tea, we turned to the university. As a professor I was naturally drawn to the library, which consisted of one room with a few books, none catalogued and none available for loan. When I inquired about the quality of the students and the teachers, I received only quiet smiles. That night I met the 19 year-old niece of a friend who had had an exam that day. He asked her, “Did you answer well on your questions?” She replied:

Don’t ask me did you answer well! Ask me, did you cheat well. Everybody cheated, so we don’t really have to study. Those who work hard are fools. Some of my friends never even went to class until exam time, then they bribed some teachers for credits for tutorials they never attended and for lab work they didn’t do. You don’t need distinctions in certain subjects to get into the honors or master’s programs anymore; you can just pay your way through. Things are not cheap and our teachers don’t make very much money, so what do you expect them to do?

I reflected on this based on the knowledge that the government had recently adjusted the salaries of some faculty, although professors are still paid only \$20 a month, while lecturers make only \$7–8 a month. They cannot live on such salaries, regardless of their frugality. To supplement their income, they give tuition outside of class. My friend’s niece added that teachers sometimes even fight over classes where they can draw the most tuition income. This accounts for lecturers not teaching much during regular hours. The practice of lecturers augmenting their income through extra tuition now extends to the once-prestigious Mandalay

Medical School. Classes of well-trained physicians had graduated from here in the past; the school now admits 800 students annually in a faculty meant for 150. Because most students are no longer qualified for medical school, they try to bribe their way through to graduation.

Sanctions have contributed to the sharply reduced number of foreign scholarships available to students. Most Western countries (except Australia and Germany) reacted to the 1988 uprising by suspending scholarships. Fifteen years later, only Germany, Japan, India, China, Singapore, and Malaysia grant limited scholarships to Burmese scholars. It was partially in response to this dearth of opportunities for students that the government opened the large number of universities and hired so many unqualified lecturers and tutors. This situation is rampant, with the exception of Yangon University, which now only offers graduate programs and has the blessing of many retired university professors trained in Western countries who volunteer to teach for minimal remuneration. But in Mandalay and the other universities, where new graduate programs have been opened, students and new lecturers have little advanced academic training. These universities are expected to provide the country with future human resources, but one must ask if the situation would improve even in a democracy unless there is major foreign assistance now.

Military and Civil Factions

Factional struggles within the government are a matter of constant speculation among Burmese people and Myanmar watchers. Observers hope that the “liberal” faction is winning in the long struggle against General Ne Win’s policies, and attribute recent political changes to success by the “liberals.” But one must bear in mind that these are “military liberals,” as much

Civil society is weak due to decades of behavior on the part of junta-sponsored civil organizations, which has made legitimate professional or business organizations dependent on the government.

a part of the military as their comrades in the field and at the top. They have self-interest in appealing to people who want reforms because they hope to be seen in the future as leaders who brought about necessary change. For all the political changes they may have introduced, the “liberals” still expect the military to have a leading political role during and after any political transition to a new regime. Civil society is weak due to decades of behavior on the

part of junta-sponsored civil organizations, which has made legitimate professional or business organizations dependent on the government.

Organizations actively calling for democracy in Myanmar are based largely in foreign countries. After the many crackdowns on opposition political parties, students, and Buddhist monks, people realize the high cost of participating in anti-government activities. Since the 1988 uprising, everyone has learned from experience that the junta has taken pre-emptive action against opposition groups, and awarded long prison sentences to those suspected of anti-government activities. Buddhist monasteries, too, were not spared from such pre-emptive actions. Monks learned in the 1990s that, should their abbot be arrested, the entire monastery would be in trouble with the military government. Senior abbots had no desire for their young student monks to be displaced because of their political activity.

The government's restrictions on opposition political parties also undermined these organizations' ability to mobilize sustainable social protests. The 1988 demonstrations were facilitated nationwide by the Burmese Communist Party (BCP), which at the time was strong enough to systematically organize in many districts. But the BCP collapsed after the 1990 elections, and the subsequent political situation has become so bleak that many activists have left Myanmar rather than oppose the government. Those who remain with alternative views are largely powerless. In light of the military government's crackdown on all opposition groups, it is no surprise that civil society is so weak.

While Aung San Suu Kyi remains popular, the public has become resigned to the belief that nothing will change. Suu Kyi has been detained three times for extended periods, and the most recent May 30 incident seemed to stall the reconciliation process. Since 1988, the junta has proven it has a monopoly of violence in areas not controlled by former insurgents. This is vital to the stability of any state, whether it be totalitarian or democratic. While one may hope that sanctions could undermine the government and advance civil society, nothing of that nature has followed. Instead, ordinary people face a myriad of political and economic difficulties.

While Aung San Suu Kyi remains popular, the public has become resigned to the belief that nothing will change.

Consider the textile industry. It relied mainly on the U.S. market and was hardest hit by the recent sanctions.⁶ Textile factory workers are mainly women and are now cut off from legitimate sources of income to support their families. Many have turned to prostitution, according to NGO and State Department reports.

⁶ Myanmar exported \$356 million worth of textiles to the United States a year before the current sanctions were applied.

To test the veracity of these reports, I conducted interviews in August 2003, two weeks after the new economic sanctions were imposed, with prostitutes at five bars in Yangon and Mandalay. My first interviews were in a Mandalay bar where I spoke to five women. From them I learned that the women in the sex trade came from all over the country: Karens, Kachins, Shan, Chins, Mons, and Burmans. Each had a similar story; they became prostitutes out of economic necessity and the need to support their families. Bars in downtown Yangon yielded the same results, and all of these women told me that neither they nor their pimps or bar owners could or would force their clients to use condoms. Asked if they would like to return to their former jobs, each answered enthusiastically in the affirmative. It did not matter if it was menial work, as long as they could send money home to their families.

I then sought their opinion on the sanctions. While they all had an inkling that sanctions had a hand in their losing their jobs at the textile factories, these women told me they were not really interested in politics; all they wanted was to support their families. Although they were dissatisfied with the military's mismanagement and misrule and wanted Aung San Suu Kyi to gain power, they also agreed that the U.S. economic sanctions policy was compounding the suffering of ordinary Burmese people. One of the women even said:

People tell me that in life some people will have to be sacrificed for the interest of the country. Look at us; they have sacrificed us women, who have to turn to prostitution, our lives will never be normal, we will never gain respect from our people. Burmese men want to marry virgins and we are obviously not. We could get all sorts of diseases. And we ask ourselves, if we are the sacrifices, is it worth it?

Thus far, my research has turned up a widely shared view: most people are frustrated with the current situation, and even though they despise the government and support the NLD, they are frustrated with the failed sanctions policy. One Buddhist monk in his early 40s stated:

I'm sure the Western countries have good intentions. They might really want to help us obtain democracy. But the truth is, those pro-democracy people abroad and the Western governments have their own fantasy as to what things should be like in Myanmar. They probably even have a fantasy as to what things are like in Myanmar now. Thus, when they look at Myanmar, it is always from their perspective. They don't pay attention to what we really want and how we want things to be. We have become the victims of their fantasies.

Conclusion

The international community is seeking regime change in Myanmar, but it needs to realize that most people there are more concerned with their day-to-day survival than with democracy. If foreign countries are really keen on helping the people of Myanmar, then they should do as one Buddhist monk told me: “Instead of promoting what they think Burmese people should do and trying to shape Myanmar into what they think it ought to be, they should pay attention to what Burmese people want, what their lives are like, what is good for them.”

Economic sanctions are an easy action to take for the United States and the international community. The U.S. sanctions were imposed in the belief that some or all of the following could be achieved: 1) that sanctions could undermine the military government so that it would relinquish power to the opposition; 2) that in the factional split between hard-liners (or traditionalists) and liberals (or reformers), the reformers would gain the upper hand and thus encourage political change; and 3) that sanctions would systematically undermine the government until civil society and the opposition could be mobilized sufficiently to bring down the government. My research demonstrates that sanctions do nothing to alleviate the plight of the Burmese people; on the contrary, they have encouraged the regime to dig in even deeper. While trying to get the tenant managers (the military government) to leave, sanctions are bringing down the house (the country). Government mismanagement and the economic sanctions have compounded the difficulties of the people. It is time to consider that the vast majority of Burmese want to lead a normal, peaceful life in an economically and politically stable country. Would it not be better if the international community could conceive of a better solution to reform, and thereby help remove the short-sighted managers without affecting the residents and without demolishing the house?

My prognosis is bleak, unless Western governments and NGOs become involved in helping civil society inside Myanmar to recover. Scholarships and academic assistance to Burmese universities and scholars for training abroad, as well as large-scale internal programs coordinated through international and indigenous NGOs, are essential for recovery, otherwise the country's unremitting disaster will only worsen.

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The Crisis in Burma/Myanmar: Foreign Aid as a Tool for Democratization

Morten B. Pedersen

Introduction

For the past 15 years, the U.S. government has taken a “principled” approach to Burma,¹ using coercive diplomacy and economic sanctions in an attempt to force the military to transfer power to a democratic civilian government. The results have been less than impressive. The military rulers are more entrenched today, and more confident, than when they took power in 1988; the pro-democracy movement—although it maintains broad popular support—has lost much of its momentum; and relations between the government and the National League for Democracy (NLD) have deteriorated, as have socio-economic conditions for the general population. The situation is getting worse, not better. It is time that anyone who is genuinely concerned about helping Burma and its people match their commitment to principles with a pragmatic search for ways to overcome the political deadlock and address the complex emergencies facing the country.

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¹ This paper uses “Burma,” the original English name of the country, which is more commonly known in the United States than its official name “Myanmar.”

Structural Obstacles to Change

The recent crackdown on the NLD sadly reflects deep-rooted structures of power and interests that cannot simply be wished away. Closer attention must be paid to the structural obstacles to change, in particular to the military's political orientation and the balance of power between the government and pro-democracy forces.

The Military's Political Orientation

The Burmese military's involvement in politics is older than the institution itself. Many of the first generation of military leaders were engaged in the independence movement in the 1930s and began their military careers in the Burma Independence Army, which was trained by Japanese occupation forces during World War II to fight the British. The outbreak of multiple insurgencies immediately after independence in 1948 made the elected government dependent on the army, which came to enjoy considerable autonomy as it undertook state- and nation-building measures, especially in remote areas of the country. These experiences, coupled with failures in civilian governance and the relative success of the military caretaker government (1958–60), set the stage for the 1962 military coup and subsequent attempts to strengthen central state control under military leadership—a trend which continues today.

While Burma's brief democratic era in the 1950s may seem like ancient history, the Burmese officer corps still believes it was a disastrous experience to be avoided at all costs. Successive generations of military officers have nurtured the belief that the army won Burma's freedom from the British and has protected it since then against self-serving politicians and ethnic nationalists bent on secession. The army has thus developed a self-image as the “creators” and “saviors” of the country. The progress made since 1988 in negotiating cease-fires with many former insurgent groups and expanding the country's infrastructure has reinforced this belief in military superiority. Most officers strongly believe it is their right and duty to play a leading role in the country's affairs, political and otherwise, rather than simply acting as servants of the state.²

² For a detailed discussion of the military's goals, values, and beliefs, see Morten B. Pedersen, “The World According to Burma's Military Rulers,” in David Mathieson and Ron J. May, eds., *The Illusion of Progress: The Political Economy of Reform in Burma/Myanmar*, Adelaide: Crawford House, forthcoming.

Balance of Power

The importance of the generals' political orientation in defining opportunities for change in Burma is underscored by the massive power imbalance between the military and pro-democracy forces.

The military not only constitutes the ruling State, Peace, and Development Council (SPDC), but also controls almost every other aspect of public life. Most ministerial and deputy-ministerial positions are held by active or retired officers, as are many other key positions throughout the administration and the private sector. From the center, power radiates out through several partly overlapping administrative networks, including the military command structure, a four-tiered system of local peace and development councils, the civil service, and various government-controlled mass organizations.³ Military intelligence, with its signals intercept-capability and expansive network of informers, reaches into almost every corner of society, while new army camps have been established throughout the border areas, bringing most of the country under central government control. Although the military has failed to provide competent governance, it has been overwhelmingly successful in its narrow definition of state security.

The military regime's strength is reinforced by its internal cohesion, which is based on common interests and fears as well as a shared worldview and *esprit de corps* unmatched by other groups in society. The officer corps is united by memories of fallen comrades-in-arms and victorious battles, defense academy bonds, and its belief in the military's crucial role in building and safeguarding the nation. There are indications of growing differences over strategy, particularly related to economic and foreign policy and the degree of cooperation with political parties and other political groups. However, most officers agree on the basic objective of maintaining military control; disagreements are dealt with internally and are never allowed to compromise outward unity.⁴

³ The mass organizations have been set up to mobilize support for the government's objectives and policies, implement specific programs and projects, and disseminate SPDC executive orders. They have also been used to intimidate political opposition groups and serve as auxiliary defense forces. The largest and most politically oriented is the Union Solidarity and Development Association (USDA), which claims 20 million members (more than one-third of the entire population) with sections in almost every village. It seems modeled after Golkar in Indonesia.

⁴ The ambush of Aung San Suu Kyi's motorcade on May 30, 2003, illustrates this. The attack at first caused some consternation among moderate officers, who apparently were not consulted, but the rift appeared to be settled with Khin Nyunt's appointment as prime minister and his decision to reconvene the National Convention.

The dominant position of the military is underscored by the weakness of the democracy forces. Although the 1988 uprising and 1990 election demonstrated the depth of popular dissatisfaction with military rule, these sentiments have not translated into sustained political pressure on the regime. The NLD, headed by Aung San Suu Kyi, presents a strong challenge to the military government's legitimacy, but the party has no real leverage.⁵ Among the wider population, resistance is expressed in numerous ways through everyday non-compliance with government directives. Yet society is atomized, both individuals and groups are disempowered, and few dare challenge openly an army that seems omnipotent and omnipresent.⁶ Burma lacks anything resembling the broad civil society movements that successfully pushed for change in Thailand, South Korea, Taiwan, or Indonesia.

The Burmese people on occasion, most recently in 1988, have shown their capacity for political action when sufficiently provoked. However, students and politicized monks who led popular protests in the past have lost much of their revolutionary potential under pressure and scrutiny from the authorities. The military leaders are extremely sensitive to any indication of "disorder" and, as the events of May 30 indicate, are willing to use violence to maintain stability. It seems likely that social unrest driven by a deepening socio-economic crisis would only provoke further repression from the military in an escalating cycle of suffering and violence.

International leverage, too, is very limited. During the socialist period from 1962 to 1988, the Ne Win regime pursued self-reliance as the basis for national security and grew increasingly alienated from the outside world.⁷ Since 1988, a more open, market-oriented economy has fueled significant expansion in political and, particularly, economic links with neighboring countries. However, regional trade and investment flows all but dried up following the 1997 Asian financial crisis, and Rangoon reverted to a self-reliance policy based on agriculture and import-substitution to shield the country from similar disruptions in the future. Trade has since rebounded, but foreign direct investment is almost non-existent. Burma remains one of the most closed countries in the world, whether measured in terms of capital flows, communication links, or political mindsets.

⁵ Some of the ethnic nationalist armies have expressed general support for Aung San Suu Kyi, but they have few democratic credentials and their primary goal is a federated state; it is thus debatable whether they should be perceived as part of the pro-democracy movement. In any case, they no longer present a real threat to the central government.

⁶ See International Crisis Group, "Burma: The Role of Civil Society," *ICG Asia Report*, no. 27, December 6, 2001.

⁷ International Crisis Group, "Burma: the Military Regime's View of the World," *ICG Asia Report*, no. 28, December 7, 2001.

The lack of international leverage is compounded by the direction of Burma's limited external links. Faced with Western sanctions, the military government has been forced to emphasize closer relations with governments in the region. The past year has seen a renewed push in this direction, as Senior General Than Shwe and other key leaders visited neighboring countries and secured political support and trade and other economic agreements. The only countries with significant economic leverage in Burma today are China and, to a lesser extent, India, Thailand, Malaysia, and Singapore—all of which reject the use of overt pressure to change the government or its policies.

Experience from Eastern Europe, Indonesia, and elsewhere shows that regime change often comes in a highly unpredictable manner, or at least often takes analysts by surprise. However, as with North Korea, the past 15 years in Burma disprove the theory that a weak regime, seemingly on the verge of collapse due to a combination of its own incompetence and outside pressure, will have to compromise or buckle under. There is little doubt that the military can maintain power, if not indefinitely, at least into the foreseeable future. The prospect for political liberalization hinges on a reformer emerging from within its ranks, perhaps as part of a generational shift. This, in turn, has important implications for the strategy of pro-democracy forces, which cannot afford to alienate the entire officer corps but instead must look for ways to reinforce moderate or pragmatic voices in the military hierarchy.

The State of Conflict

While the political deadlock continues, and with little prospect for a regime change, the conflicts that have divided society and pauperized Burma since independence remain largely ignored by domestic and international actors alike. Although a major contributor to the crisis, military rule is itself an outcome of these conflicts, which continue to present a barrier to democratization. The current struggle over political power reflects long-standing civil-military tensions, as well as an overarching layer of ethnic conflict. There is also evidence of strong tensions at the local level, fuelled by religious differences and struggles over scarce resources.

Civil-Military Conflict

The struggle for power at the center between the military government and the pro-democracy forces did not begin in 1988; its roots extend back to the early post-independence period. While the army was fighting communist and ethnic nationalist insurgents in the jungle,

with great loss of life, politicians seemed to be constantly embroiled in opportunistic struggles for personal power and the spoils of office, causing several splits in the ruling Anti-Fascist People's Freedom League (AFPFL). Historians differ on how bad the situation was, but General Ne Win justified his 1962 coup by blaming the irresponsible behavior of civilian politicians for threatening the unity and survival of the newly independent state.⁸ This sentiment remains at the core of the military's self-image, and continues to affect its interpretation of events such as the 1988 uprising and Aung San Suu Kyi's mobilization of supporters on her recent political tours around the country.

This legacy of conflict greatly increases the difficulty of initiating, let alone sustaining, dialogue between the government and the NLD. While substantial discussions of the problems facing the country are the only means of developing trust and understanding, the psychological

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resistance among insular military leaders, loaded down with the baggage of decades of military training and propaganda, to taking those first steps should not be underestimated. Most officers firmly believe that politicians lack the unity and patriotism of the armed forces. They are also vehemently opposed to some policies that the NLD is set to pursue,

particularly its support for a federated state and close cooperation with Western countries, both of which are seen as a direct threat to national security.

Importantly, these elite conflicts have repercussions at all levels of society, pitting government supporters and opponents against one another. The regime has used appeals of power and material benefits to encourage hundreds of thousands of citizens to join quasi-military institutions such as the Union Solidarity Development Association (USDA), reinforcing an "us versus them" mentality. Many young men face an uncertain future and serious identity crisis, and are attracted to the authority and sense of belonging that membership of the military "club" provides. Some just play along for the benefits, but others accept the military's accusations against the NLD and other anti-government forces. This struggle threatens to split the very foundation of society.

⁸ For a discussion of political and social conditions in the 1950s, see Mary P. Callahan, "Democracy in Burma: The Lessons of History," *NBR Analysis*, vol. 9, no. 3, 1998. For a first-hand observation, see John H. Badgley, "Burma's Political Crisis," *Pacific Affairs*, vol. 31, no. 4, 1958, pp. 336–351.

Ethnic Conflict

Burma is one of the most ethnically diverse and strife-torn countries in Asia, having faced violent ethnic conflict since independence in 1948.⁹ Over the decades, scores of nationalist organizations from every main ethnic group have taken up arms against the central government, at the cost of hundreds of thousands of lives and incalculable damage to national security and development, both in war-affected areas and the country at large. The Karen, with an estimated population of five million (slightly less than the population of Laos), is the largest minority on mainland Southeast Asia not to have an independent state. One Karen faction has fought for autonomy throughout this period, perhaps the longest-running armed conflict in the world.¹⁰

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The recent cease-fire between the military government and the Karen National Union (KNU), which follows a series of ceasefires with other ethnic nationalist armies in the early 1990s, has improved the prospect for an end to the long-running civil war. However, no sustainable solutions have been found and several ethnic groups, including the Shan State Army South (SSA-S) and the Karenni Nationalist Program Party (KNPP), continue their guerrilla warfare, as do a number of smaller splinter groups which have refused to accept the cease-fires. Without a solution to the main grievances of minority organizations and communities—including political disenfranchisement, economic neglect, and social and cultural discrimination—this fragmentation is likely to escalate, and a new generation of conflicts could soon emerge.

In the longer-term, the prevalence of illegal activities in the border areas, including drug production, and human trafficking, and smuggling of small arms, presents a serious threat to stability, particularly in the remote Eastern Shan State (the Golden Triangle). It also constitutes a significant obstacle to political and economic liberalization, which threaten the illegal economy and the corrupt patronage networks that sustain it.

⁹ International Crisis Group, "Myanmar Backgrounder: Ethnic Minority Politics," *ICG Asia Report*, no. 52, May 7, 2003.

¹⁰ Martin Smith, "Burma: The Karen Conflict," in Joseph R. Rudolph, ed., *Encyclopedia of Modern Ethnic Conflicts*, Westport, Conn.: Greenwood Press, 2003.

Social Conflict

Relatively little is known about local politics in Burma, but anecdotal evidence suggests that racial, ethnic, and religious tensions run high, compounded by an intensifying struggle over scarce resources. Many Burmese identify strongly with their own group, and prejudices against other groups are often strong.¹¹ Pervasive discontent over tough economic conditions and growing frustration in the absence of genuine prospect for change fuel conflicts between “insiders” and “outsiders.” The situation in some ways is comparable to the better-studied communal hatreds in India or Indonesia, although it has yet to be expressed in the same levels of violence. These tensions are illustrated by the dark underside of the 1988 uprising, with its lynch mobs and extensive looting, as well as by religious violence between Buddhists and Muslims that has rocked several main towns in recent years.

Formal commitment by the government as well as the NLD and most ethnic minority organizations to seek political reconciliation demonstrates that all sides perceive continued conflict to be untenable. Yet the desire to break the long-standing political deadlock is not matched by confidence that an acceptable outcome can be reached through negotiations. Five decades of continuous conflict—compounded by the often confrontational positions assumed by the military government and pro-democracy forces throughout the 1990s, culminating in May 2003 attack on the NLD—have led to an almost total breakdown of communication. The violence involved has further contributed to an atmosphere of alienation, distrust, and lack of empathy between opposing camps. While some representatives from every group genuinely seek dialogue, others have been unwilling or unable to break down the barriers, preferring unilateral actions to broader cooperative efforts. This fragmentation of society and resultant psychological resistance to dialogue constitutes the most fundamental obstacle to negotiated settlements.

A Crisis of Governance

The continuous state of conflict in Burma, as much as individual or institutional failures, lies at the root of several current crises in governance, including the absence of peaceful means of resolving conflict, policy paralysis, and the deepening humanitarian crisis.

¹¹ Although dated, John H. Badgley’s, “Politics Among Burmans: A Study of Intermediary Leadership,” Southeast Asia Data Paper, Ohio University, 1970, remains a useful reference. It builds on a systematic, interview-based analysis of rural Burman political values and local leader attitudes towards minorities as well as the state.

Absence of Peaceful Means of Resolving Conflict

The most worrying aspect of the country's long history of conflict is the lack of experience with peaceful dispute resolution. Since the struggle for independence, through the democratic period and four decades of military stewardship, Burma's society has been marked by high levels of political violence. Arms have been a primary method of pursuing power, as well as settling differences over state policy and direction. It is no coincidence that thousands of pro-democracy activists in 1988 fled to the borderlands to take up arms against the government, or that many exile groups have put their main hope for change on another popular uprising. Aung San Suu Kyi has tried to prevent resort to violence; however, recent events have increased militancy among her supporters in the exile community, many of whom have called for a U.S. invasion to compel regime change, as in Iraq and Afghanistan.

Policy Paralysis

The military government that took over in 1988 after the failure of Ne Win's "Burmese Way to Socialism" at first attempted wide-ranging economic reforms. However, the reform drive soon lost momentum as the new rulers—overwhelmed by political and economic pressures and shunned by the West and international financial institutions—retreated to crisis management, and political imperatives overshadowed economic rationality. For most of the past decade, economic policy making has been dominated by ad hoc administrative measures that, at best, contain perceived short-term problems rather than provide longer-term solutions.

Problems at the policy level are greatly compounded by administrative rigidities and inefficiencies. Since the military takeover in 1962, thousands of competent civil servants have retired or been replaced by political appointees, usually military officers, selected not for their administrative skills but for their loyalty. Four decades of top-down decision making has further stifled creativity and independent thinking, while high inflation has eroded wages, fueling corruption and absenteeism (to work second and third jobs). There are a surprising number of highly skilled and committed officials who fight the system on a daily basis to keep the wheels moving and who have proven to be effective partners for international aid agencies. However, many are close to retirement and they are working within a system that lacks transparency, accountability, and any culture of reform or improvement. Even if there were a political transition, in the short- to medium-term a democratic government would still face immense obstacles in implementing reform programs.

Humanitarian Crisis

Years of violence and policy paralysis compounded by failed ideologies and distorted military priorities have undermined the economy, creating a serious humanitarian situation. Burma, a naturally rich country, today is the poorest in Asia in individual purchasing power parity terms, with a per capita GDP of just \$300.¹² Unofficial estimates suggest that up to 50 percent of the population is living below the poverty line. Malnutrition is widespread, one out of two children does not finish primary school, and HIV infection rates are among the worst in Asia and are rising rapidly.¹³ Many rural areas face grave ecological problems, causing declining yields, increasing landlessness, and large-scale migration. Some economists are warning of famine conditions in the worst areas.¹⁴ The recent banking crisis and new U.S. sanctions have brought further misery—worst hit are tens of thousands of people in Rangoon and the main urban areas who have lost their jobs, but the disruption of trade and resultant shortages and price fluctuations are felt even in remote villages.

The seriousness of these conflicts dividing Burmese society, and the complex emergencies flowing from them, is hard to overestimate. Since independence, up to a million people have died in hidden wars in the jungle, and millions more are wasting away in grinding poverty. Unfortunately, the crisis is self-sustaining. While the pro-democracy forces blame the military, the military views it as justification for continued centralization of power and restrictions on human rights. Meanwhile, the deteriorating political, social, and economic conditions are undermining the basis for a peaceful transition.

The Tragedy of Sanctions

There has been much debate about the value of sanctions as a foreign policy tool, both in general and specifically in relation to Burma. It is probably fair to say that sanctions have provided some moral support and protection for Aung San Suu Kyi and the pro-democracy forces. However, this has come at a high price for ordinary people and the country at large.

¹² UN Country Team, "A Review of the Humanitarian Situation in Myanmar," unpublished report, April 2003.

¹³ See International Crisis Group, "Myanmar: The Politics of Humanitarian Aid," *ICG Asia Report*, no. 32, April 2, 2002; International Crisis Group, "Myanmar: The HIV/AIDS Crisis," *ICG Burma Briefing*, April 2, 2002.

¹⁴ Neither the government nor international agencies have collected the data necessary to assess how serious and widespread the situation is. However, recent anecdotal evidence from several areas suggests trends that have led to famines elsewhere in the world.

Sanctions have not only cost tens of thousands of jobs and denied people much needed assistance, they have also failed to address the underlying conflicts and tensions in Burmese society. The attempt to isolate the government has undercut critically important complementary measures to reduce the structural obstacles to change and prepare the country for the day when change arrives.

International censure and sanctions has limited the diplomatic influence of Western governments in Rangoon. The character of international criticism, at times very harsh and personal, has strengthened the feeling among military officers that they are engaged in a battle of wills and increased their sense of wounded pride. This in turn has impeded dialogue and lessened chances that the government will cooperate on smaller issues that could pave the way for future political change or at least help alleviate the socio-economic situation. The most insular military leaders perceive the imposition of economic sanctions as an act of low-intensity warfare, and have come to view the U.S. government as “the enemy.” This attitude all but negates the prospects for dialogue, negotiation, or constructive change.¹⁵

This problem is exacerbated by the extensive list of “policy omissions” linked to the thinking behind the sanctions campaign, as much as to specific legislation or official positions. While Western governments and civil society actors expound on the goals of democracy and respect for human rights, they conceive of this in quite narrow terms: a transfer of power by the release of Aung San Suu Kyi and the implementation of the 1990 election results. The West has done little to promote conflict resolution, capacity-building, or administrative or economic reform. It has even limited foreign aid with a very narrow definition of “humanitarian,” excluding crucial education assistance and reconstruction of war-torn communities and economies in the border areas. These omissions are detrimental to the cause of democracy as well as to the welfare and security of the Burmese people. Preoccupation with a narrow political agenda also delays action in other areas critically important to the international community as well as Burma, including drug eradication, human trafficking, and HIV/AIDS (although constraints have been easing recently, particularly outside the United States).

The problem with sanctions, at least as a dominant strategy for change, is that they freeze a situation that does not appear to contain the seeds of its own resolution. The military, despite its many policy failures, has remained in power since 1962, and there is no indication that the

¹⁵ This is tragic since the Burmese generals are not inherently anti-Western. While they reject overt alliances, as did Burma’s parliamentary leaders in the 1950s, they have looked for U.S. recognition and support, in part to counter-balance China. The U.S. government has traded away what could have been significant diplomatic influence.

past 15 years of external pressure have changed its will or capacity to continue doing so for the foreseeable future. On the contrary, sanctions confirm the long-standing suspicion by nationalist military leaders that Western countries aim to dominate and exploit Burma, strengthening their main rationale for maintaining power. The pro-democracy movement remains alive in the symbol of Aung San Suu Kyi and in the hearts and minds of millions of people. However, under existing depressed conditions, the movement lacks the strength to produce political change. Sanctions provide moral support for the embattled opposition, but they also contribute to overall stagnation, keeping people trapped in a daily battle for survival.

Perversely, sanctions may help sustain military rule. The military government has learned to live with isolation, internal dissent, and the economics of survival in a poor and strife-torn country. The real threat to reactionary leaders is the internationalism, modernity, and development that would come from engagement with the outside world.

The (Missed) Potential of Foreign Aid

Since the 1988 uprising, foreign aid to Burma has been used primarily as a bargaining chip. By denying the country international assistance, Western countries have tried to pressure the military government to transfer power to the elected parliament. More recently, some have advocated using aid essentially to bribe the government to cooperate with the NLD and the ethnic nationalities.

Using aid for bargaining—whether based on sticks or carrots—will not work. It will only continue to anger the military leaders and create problems for agencies trying to start programs within Burma. The generals simply do not care much about the kinds and amounts of aid currently being offered—they have little interest in community development projects, and often find international non-governmental organizations (NGOs) to be more trouble than they are worth. They will accept aid that comes without too many strings attached and does not affect security concerns; but they are not going to “trade” away more important values, such as military control or national pride.

Foreign aid, however, could be a powerful tool for change in Burma, if it were used to build rather than to destroy. While “political conditionality” will neither force nor induce the military to transfer power, aid could play a vital role in support of longer-term political, economic, and social reform and progress at various levels:

- 1) Aid could strengthen the NLD’s position by increasing the party’s value, both to the people and the government. The NLD, through association with foreign aid projects, could

demonstrate its ability to help improve the lives of ordinary people. This is particularly critical in ethnic minority areas where many people blame both the military government and the NLD for denying local communities their right to development by failing to resolve their differences. By supporting aid, the NLD might also persuade military leaders to value the party as an asset rather than an adversary, and begin overcoming the hostility among officers who consider the party's call for sanctions as unpatriotic.

2) Aid would strengthen moderates within the military by increasing the value of reforms. The top leaders were frustrated by the international response to Aung San Suu Kyi's release in 2002 and subsequent relaxation of constraints on political activity. They had expected some form of tangible recognition of what they perceived to be a significant gesture of goodwill. Instead, the international community offered little but bland words of encouragement, followed by demands for further concessions. This weakened those within the government who had argued for cooperation at home and abroad; it may even have contributed to the deteriorating atmosphere leading up to the crackdown on the NLD. Although aid should not be used as a bribe, donor governments should try to acknowledge progressive steps, thereby encouraging the military toward further reform.

3) Aid can contribute to conflict resolution by increasing communication and cooperation among the country's diverse political actors and communities. The positions of the military leaders, the NLD, and ethnic nationality groups on political reform remain far apart. These differences are highlighted by the collapse of the dialogue following Aung San Suu Kyi's release in 2002, as well as the failure of both the government and the NLD to include the ethnic minorities in that dialogue. All sides, however, advocate economic development and poverty alleviation. By bringing each into consultation on aid projects, international aid agencies might help overcome long-standing suspicions and persuade them that more direct cooperation is possible.¹⁶ Equally important, such measures might facilitate communication between local authorities and communities and among different groups within such communities at the grassroots level, helping to build peace from the bottom up.

4) More particularly, aid can help save and deepen the 20 or so cease-fires between the government and ethnic nationalist armies. The cease-fires were based to a large extent on the premise that sustainable development would help overcome long-standing hostility and provide a winning path to national unity and reconciliation. Yet little development has been achieved.

¹⁶ UN Envoy Razali Ismail has proposed a Joint Aid Committee involving government officials and representatives of political parties. So far, there has been no progress toward this. However, such cooperation does not have to be formal; in fact, formal structures in Burma tend to be more of an obstacle than a help due to the rigidities of the system and the bureaucratic mindset.

Lacking resources, the government has fallen back on a laissez-faire approach, which has enriched a few insurgent leaders and their business associates but has brought few benefits to local communities. The cease-fires have been criticized by some as obstacles to change. However, a return to civil war would end all prospects for political reform, better governance, and economic development. Conversely, if the cease-fires could be turned into effective vehicles for the reconstruction of local communities and economies, they could become a force for genuine peace-building. This, in turn, would weaken the main justification for military rule, the perceived need to protect the union and national sovereignty.

5) Aid is also needed to revitalize and empower civil society and the private sector. The current military government acknowledges that the state has neither the capacity nor the resources to do everything, and has allowed space for independent sectors to develop. Since 1988, local development organizations and community groups have been created that promote social welfare and, to a lesser extent, peace-building, while the private business sector is responding to market-oriented reforms. These sectors are still embryonic. The pervasive influence of the military and the extremely difficult circumstances under which any independent group has to function greatly hamper their ability to develop organizational capacity. However, with international assistance—both directly as capacity-building, and indirectly through support for economic reform and broad-based development—they could become a vital force for change and an important complement to the state.

6) Aid could help build capacity for a successful transition. The frequency of (partially) failed democratic transitions around the world shows how difficult it is for new, democratic governments faced with deep-seated social and economic problems to satisfy the massive expectations of long-suffering people. By carrying out key economic reforms ahead of the transition, and strengthening the capacity of the bureaucracy—which will remain largely the same under a new government—Burma would stand a much better chance of succeeding. The alternative could be a tumultuous transition, and even another military take-over.

7) Aid might help, in a broader sense as well, to lay the groundwork for the consolidation of democratic institutions. For Burma to develop a vibrant and sustainable democracy in the future, the country must overcome the cultural and structural legacy of repressive, autocratic rule. By emphasizing local organization and empowerment, aid agencies can provide an antidote to authoritarian controls and associated mindsets and help to build the foundation for a pluralistic society. Similarly, support for education would facilitate broader popular participation in politics and gradual reform of authoritarian attitudes at all levels of the state and society.

8) Finally, and most urgently, aid would help more people survive to enjoy the fruits of political reform in the future. The Burmese people need relief from abject poverty and deteriorating social services. They cannot wait for better government or better times. Of the 1.4 million children born in Burma this year, 110,000 will die before their first birthday and will stand no chance of seeing the benefits of a political transition. Meanwhile, millions of children and adults are wasting away from illnesses, malnutrition, and lack of education; by the time a new government takes over, they could be too disadvantaged to reap the rewards. Even future generations are threatened, particularly by the HIV/AIDS epidemic, which could undermine economic development and health services in the country for decades to come. This humanitarian imperative is overriding and requires immediate action by all parties with the power to make a difference.

The people of Burma need and deserve a greater say in governing their country. Failure to provide decent human welfare and security consonant with the country's great natural potential is closely linked to lack of popular participation in decision making. Tragically, however, the configuration of power and interests inside the country is not conducive to major, immediate change, and the international community has no "magic bullets," no realistic policy options, that might change that. What are needed instead are efforts over the longer-term to change political, social, and economic realities in ways that would facilitate domestic pressure and capacity for reform.

There is a danger that aid for nation-building and sustainable development, rather than propel the country forward, could reinforce the power of the military and impede progress. This risk might be unavoidable in the short-term, but without such support the multi-layered conflicts will continue, the crisis will deepen, and establishing sustainable and effective institutions apart from the state will be much more difficult. For Burma to evolve into an effective democracy, long-standing center-periphery conflicts must be resolved, the civil service must be reformed and rebuilt, civil society must be strengthened, and broad-based socio-economic development must be guaranteed. Aid cannot bring this about itself, it can only be a contributing factor. However, while a premium must be placed on mobilizing domestic will and resources through policy dialogue and capacity-building, the importance of aid—as a catalyst for domestic initiatives as well as a supplementary resource—should not be underestimated.

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