



Woodrow Wilson
International Center
for Scholars
Asia Program

FINDING DOLLARS, SENSE, AND LEGITIMACY IN BURMA

EDITED BY SUSAN L. LEVENSTEIN



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ESSAYS BY

Bradley O. Babson

Mary Callahan

Jürgen Haacke

Ken MacLean

Morten B. Pedersen

David I. Steinberg

Sean Turnell

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CONTENTS

Introduction and Acknowledgments	6
---	----------

Susan L. Levenstein

PART I: BURMA'S ECONOMY

Finding Dollars and Sense: Burma's Economy in 2010	20
---	-----------

Sean Turnell

The Rise of Private Indirect Government in Burma	40
---	-----------

Ken MacLean

PART II: BURMA'S POLITICS

The Endurance of Military Rule in Burma: Not Why, But Why Not?	54
---	-----------

Mary Callahan

Opposition Movements in Burma: The Question of Relevancy	77
---	-----------

Min Zin

PART III: INTERNATIONAL STRATEGIES
TOWARD BURMA

Myanmar's 2010 Elections and International Legitimacy: A Perspective on ASEAN's Stance vis-à-vis Naypyidaw	96
<i>Jürgen Haacke</i>	
Burma, the International Community, and Human Rights (with Particular Attention to the Role of Foreign Aid)	114
<i>Morten B. Pedersen</i>	
Anticipations and Anticipated Responses: The United States and the 2010 Burmese Elections	129
<i>David I. Steinberg</i>	
Considerations for Future Economic Engagement with Myanmar	149
<i>Bradley O. Babson</i>	
Recent Asia Program Publications	161

GLOSSARY

ADB	Asian Development Bank
ADMM	ASEAN Defense Ministers Meeting
ASEAN	Association of Southeast Asian Nations
BBC	British Broadcasting Corporation
BSPP	Burma Socialist Program Party
CARE	Cooperative for Assistance and Relief Everywhere, Inc.
CBM	Central Bank of Myanmar
CBO	community-based organization
CLMV	Cambodia, Laos, Myanmar, and Vietnam
DVB	Democratic Voice of Burma
ERI	EarthRights International
ESCAP	United Nations Economic and Social Council for Asia and the Pacific
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GDP	gross domestic product
<i>Hluttaw</i>	a legislative body or parliament in Burma

Glossary

IDPs	internally displaced persons
IFIs	international financial institutions
IISS	International Institute for Strategic Studies (UK)
ILO	International Labor Organization
IMF	International Monetary Fund
KESAN	Karen Environmental and Social Action Network
KIO	Kachin Independence Organization
<i>Kyat</i>	unit of currency in Burma
MCSO	Myanmar Central Statistical Office
MOGE	Myanmar Oil and Gas Enterprise
MSF	Médecins Sans Frontières (Doctors Without Borders)
Naypyidaw	Current capital of Burma, since November 2005
NGO	nongovernmental organization
NLD	National League for Democracy
NWFZ	Nuclear-Weapon-Free Zone
OECD	Organization for Economic Cooperation and Development
PSI	Population Services International
PTTE	PTT Exploration and Production (Thailand)
RFA	Radio Free Asia
SEANWFZ	Southeast Asia Nuclear-Weapon-Free-Zone Treaty
SLORC	State Law and Order Restoration Council
SOEs	state-owned enterprises

Glossary

SPDC	State Peace and Development Council
<i>Tatmadaw</i>	Burma's armed forces
TCG	Tripartite Core Group
UG	"underground" activists in Burma
UN	United Nations
UNAIDS	Joint United Nations Program on HIV and AIDS
UNCT	United Nations Country Team
UNDP	United Nations Development Program
UNHCR	Office of the United Nations High Commissioner for Refugees
UNODC	United Nations Office on Drugs and Crime
UNSC	United Nations Security Council
USDA	Union Solidarity and Development Association
USDP	Union Solidarity and Development Party
VOA	Voice of America

INTRODUCTION

Susan L. Levenstein

The military junta in Burma¹ is in full control these days. For two decades, the country's principal opposition group, the National League for Democracy (NLD), has struggled without success to topple the regime, and has now fractured into competing groups. Nor has the international community fared any better in its efforts to promote political change in Burma. Yet in today's evolving and increasingly globalized world, Burma's governing State Peace and Development Council (SPDC) has acknowledged that only by opening up to the outside world can it reap the benefits from its treasure trove of natural resources and, in turn, shed its image as a pariah state.

To achieve this, Naypyidaw² is working hard to attract foreign investment, specifically in the profitable sector of energy. Indeed, revenues from the sales of natural resources have enriched the military regime and deprived the general population. Burma's economy has benefited mainly from the global competition for energy resources between its two neighboring superpowers, China and India.³ Unfortunately, none of the newly generated wealth for Burma is transferred to the people. As discussed later in this volume, Burma suffers from a "resources curse" in which the people have no access to the revenues generated from the export of the country's natural resources, as ultimately these revenues all get funneled to the military junta. The wide gap between the rich and the poor was especially conspicuous in the aftermath of Cyclone Nargis, which not only caused a high number of casualties and vast infrastructure destruction, but also nearly decimated the country's vital agricultural sector. Yet, the SPDC focused nearly all its efforts on re-establishing security and political

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stability, largely neglecting the rising humanitarian crisis. Its initial refusal of international aid underscored a persistent worry of a “foreign invasion” or a rare opportunity for foreign powers to exercise influence.

The SPDC is the ultimate survivor, having weathered years of internal and external strife. Its violent crackdown on the protests of the 2007 Saffron Revolution demonstrated its endurance and resistance to international pressure.⁴ Furthermore, from Naypyidaw’s standpoint, the timing of Cyclone Nargis could not have been more fortuitous. Shortly after the cyclone, the junta pushed through a referendum vote on a draft of the 2008 constitution that was ratified, according to government officials, by a 92 percent majority. The vote was a means by which the regime attempted to deflect attention from the devastating effects of the cyclone—and thus, from its incapacity to properly fix a declining economy.⁵ By calling for a national election in 2010, Naypyidaw is trying to demonstrate its capability of running a “free and fair” election, though its credibility is undercut by the passage of election laws that prohibit political leaders who have previously served jail time to run for office—a move mainly targeted at Aung San Suu Kyi and other NLD members.⁶

Burma’s upcoming election, now scheduled for November 6, 2010, raises a series of questions that this publication will address. Is there a way out of Burma’s stasis? How can the average Burmese cope with a bifurcated economy that favors the wealthy few? Can society stand up to the state without retaliation? At this point, do notions of freedom and democracy as understood in the West even matter? Why should the United States get involved in Burma? Will economic and political conditions in Burma improve after the 2010 election? The following eight essays—arising from two 2010 conferences hosted by the Woodrow Wilson International Center for Scholars and organized by the Center’s Asia Program—seek to address these questions and foster an informed discussion on how Burma may improve and eventually resolve its economic and political dilemmas.

In an overview of Burma’s economy, **Sean Turnell**, associate professor of economics at Australia’s Macquarie University, asserts that prospects for the remainder of 2010 are grim. The junta’s claims of double-digit growth are unfounded. Even though Burma’s gross domestic product has grown steadily yet modestly (at 2 to 3 percent per annum) through the sale of exported natural gas, Burma is still one of the poorest countries in the

world and the poorest state in Southeast Asia. This points to the military junta's neglect and mismanagement of the country's revenues, with most of the incoming wealth channeled toward Burma's elite class. Turnell characterizes Burmese macroeconomic policymaking as "arbitrary, erratic, and without expert input," pouring money into extravagant projects with little impact on improving the livelihoods of people. The SPDC's excessive spending and borrowing from the Central Bank of Myanmar have plunged the country into "entrenched inflation" and "monetary chaos." More specifically, the varying official and unofficial exchange rates of the Burmese *kyat* inhibit the conduct of honest business practices and encourage corruption. The health and education sectors have suffered the most, receiving less than one percent of GDP. The wide fissure between the rich and the poor produces a "dualistic" economy—formal and informal—in which most people rely on the informal economy (consisting mainly of subsistence agriculture) with no access to the international economy. The formal economy—the sectors of energy, raw materials, precious metals, and stones—is monopolized by the junta and its cronies. The refusal of the junta to accept international assistance in the aftermath of Cyclone Nargis has aggravated Burma's rural credit crisis. Even worse, growing interest in Burma's natural resources from abroad will only entrench Burma in its "resources curse." Turnell is doubtful that the 2010 election will help turn the economy around. If the junta is serious about redressing the country's economic ills, Turnell proposes it implement more transparency in the privatization of industries, unify the divergent exchange rates, liberalize rice trade and agriculture, and recapitalize rural finance to restore the rural credit system.

Ken MacLean, a professor of international development and social change at Clark University, writes about Burma's informal economy in the border regions, analyzing how the "entrepreneurial turn" (or entrepreneurship) there fuels private, indirect governance by the junta. In MacLean's field studies, he finds that the various armed insurgencies, not the SPDC, are in control of these discontinuous border areas where the informal economy has thrived. Therefore, the SPDC is obliged to "co-opt" these armed insurgents in order to indirectly "govern" these areas and undercut hostilities along the border.⁷

The SPDC has also focused on implementing economic development in these areas, giving rise to what MacLean deems the "entrepreneurial

turn”—the “conversion of previously contested spaces into commodified ones” where large-scale resource extraction of gems, precious metals, minerals, and tropical hardwood takes place. These ad hoc ventures are undertaken by a mix of the *tatmadaw* (Burmese armed forces) partnered with members of the insurgencies, or state-owned enterprises or local entrepreneurs with access to transnational networks. At times, *tatmadaw* battalion commanders may find themselves competing against each other or forming convenient alliances for the extraction of resources that are dwindling in quantity. In turn, although the SPDC may have much to gain from this form of indirect control, it has actually ceded centralized powers over these resources.

Paradoxically, although Naypyidaw indirectly gains control of these areas, the competition for resources extracted from them has fueled regulated, non-lethal violence, including the forced relocation of migrant workers from one location to another and the reinforcement of “ethno-racial hierarchies” within which ethnic Burmese are considered superior. These conflicts have also destroyed the very ecosystems that inhabitants depend on for economic and cultural survival.

In assessing the volatile nature of Burmese politics, **Mary Callahan** of the University of Washington explains how and why military rule has endured in Burma. She challenges the set of assumptions and inferences made in the “global discourse” about the dominant narrative that underestimates the capacity of the *tatmadaw* to “withstand domestic and external pressures.” The political situation in Burma, according to Callahan, has been promoted by exile politicians and pro-democracy advocates as being on the verge of a collapse, discussed in terms of “penultimacy” or “on-the-brinkness,” with the anticipated outcome of absolute regime change or capitulation. Callahan expresses skepticism on the reliability of this perspective.

For instance, claims of Burma’s economic crisis, in her view, are exaggerated. She acknowledges Burma’s economic duress affecting the vast majority of the population in terms of health, education, and welfare and its “bleak” outlook, but comparing this situation to the 1987 demonetization of the *kyat* (that brought down the Burma Socialist Program Party in 1988 and created widespread desperation), the current economic plunge is more manageable because it unfolded at a gradual pace. People also have the means to migrate abroad with the increase in transportation options.

Callahan also downplays the general perception of “universal revulsion” against the *tatmadaw* by the Burmese public, stressing that “anger and revulsion are not sufficient conditions to bring about regime change.” In fact, the public has widespread access to information through various forms of media (print and radio) and the Internet despite government censorship. Callahan also finds little evidence that the *tatmadaw* is facing a succession crisis. Those members of the military who favor western-style civil, legal, and political rights or the positions promoted by Aung San Suu Kyi have already been purged at this point. Callahan also disputes the claim that this military regime is “anachronistic.” She does, however, believe that there is some xenophobia within the military ranks against the West. In fact, the *tatmadaw* denounces Aung San Suu Kyi for “embracing neo-colonial overtures and the adulation of the Nobel committee and the western world.” The *tatmadaw*’s fears are justified, Callahan asserts, by a string of foreign efforts to finance anti-state groups in Burma since the country’s 1948 independence from the British. Callahan also doubts that advocacy from international organizations and pressure groups will have any influence on the *tatmadaw* in the long term. Finally, Callahan concludes that “inside activists” (who identify themselves as “democrats” but operate separately from the NLD) should be equally recognized as a viable opposition force as much as the NLD. Yet, those activists who are “insiders” within the military constantly find themselves “in a bind,” observes Callahan, trapped between the military junta and promoting their own causes.

The repressive nature of state-society relations and continued strategic openings in Burma will continue to make opposition movements relevant, according to **Min Zin**, a Ph.D. candidate at the University of California, Berkeley, and a former student leader, who focuses on the shortcomings of the NLD as an opposition movement. Facing perpetual coercion and repression from the regime, any opposition must resort to “alternative courses of action like public mobilization and international advocacy” to remain active. Min Zin believes that the upcoming election will introduce changes in governance that should offer some breathing room to the opposition. Since the new government will operate from the two centers of power, namely, the military and the civilian government, this arrangement can produce an internal split that will offer an opportunity for “political realignment,” empowering the opposition groups.

The NLD, in Min Zin's view, possesses resilience but has been unable to exercise full leverage because of its reluctance to "diversify its repertoire." Despite applying "methods of concentration" (protests, demonstrations, marches) and "methods of disruptive nonviolent intervention" to mobilize public support, the NLD has never managed to undermine state authority. Considering the two examples of the Four Eight Movement⁸ and the 2007 Saffron Revolution, Min Zin notes that the students and monks who led those movements lacked leverage and appeal to workers and peasants, two large groups that could have strengthened the movements' mass support bases. In addition, Min Zin suggests that the NLD could have involved neutral third parties (even China) to play a mediating role. In sum, opposition groups should apply a more diverse mix of tactics and methods to "diffuse" the state's repressive operation. The NLD, as the main opposition force, can achieve so much more by using a "network-oriented" or grassroots approach instead of a "hierarchical" one to gain supporters.

Shifting the focus to Burma's foreign affairs, **Jürgen Haacke**, senior lecturer in international relations at the London School of Economics, delves into the complexities of Burma's varied interactions with the Association of Southeast Asian Nations (ASEAN). The responses of ASEAN member states to the SPDC's adoption of new election laws last March ran the gamut from strong disapproval to sheer indifference. But to demonstrate ASEAN's unity, Vietnam, the chair of the 16th ASEAN summit, issued a statement in April 2010 that was less critical of Naypyidaw than the more antagonistic stances expressed by Indonesia, the Philippines, Singapore, and Thailand. Haacke interprets Vietnam's statement as representing ASEAN's implicit consensus that Burma's upcoming election is considered "broadly legitimate," regardless of the NLD's non-participation.

Haacke recalls that prior to 2009, Burma's relationship with ASEAN was fairly contentious, especially during the time when ASEAN pressured Burma to accept Cyclone Nargis-related international aid. Yet by October 2009, ASEAN had softened its stance toward Burma, toning down its criticism of the SPDC, notably omitting the terms "transparency," "release of political prisoners," or any mention of Aung San Suu Kyi. Instead, ASEAN today stresses national reconciliation as Burma's top priority. Washington's new diplomatic approach toward Burma, Haacke judges, is one of the main reasons why ASEAN has softened its position. Vietnam, the current ASEAN chair and a non-democratic Southeast

Asian state, has contributed to shaping a friendlier environment for the SPDC in ASEAN, putting an emphasis on not interfering in the internal affairs of neighboring states. ASEAN also gives credit to Burma's team-player behavior in the association for endorsing the Bali Concord II, the ASEAN Charter, and the ASEAN Security Community. Not surprisingly, however, Burma and fellow non-democratic Southeast Asian states like Vietnam, Cambodia, and Laos have resisted the formation of the ASEAN International Commission on Human Rights.

In contemplating international strategies applied to Burma, **Morten B. Pedersen**, a research fellow at Australian National University's Center for International Governance and Justice, looks for solutions to improve Burma's human rights situation. He evaluates the three different approaches of ostracism, economic cooperation, and principled engagement that have been adopted by the international community toward Burma, none of which has succeeded, in part because of the "large scale of the task at hand," and also because those approaches have worked against each other. Petersen urges the outside world to look not for "what works," but for "what works best." Each approach must be assessed on its own terms, he argues.

Ostracism, mainly practiced by the West, has not worked as the junta remains firmly entrenched in power after 20 years. The SPDC's control over the economy renders it less vulnerable to internal and external pressures. Ostracism also brings a high cost to Western powers. The junta invokes a "nationalistic backlash" against the West for imposing sanctions that have weakened Burma's economy. The "collateral damage" to Burma includes inhibited growth in the export sectors like agriculture, fisheries, garments, and tourism, a valuable source of income and jobs for low-income households.

Economic cooperation exercised by Burma's Southeast Asian neighbors has achieved no more than ostracism and has incurred even higher costs. This approach is based upon the premise that economic cooperation can help modernize the country, setting the foundations for democracy, the rule of law, and socioeconomic well-being. Unfortunately, the SPDC's monopoly on international capital and mismanaged monetary policies has produced widespread corruption rather than economic and political progress.

Pedersen recommends principled engagement, the "middle way" between ostracism and economic cooperation, as the best approach. His "middle way" involves direct engagement with "human rights practitioners

and broader groups in society” and uses non-confrontational means to redress social grievances. This approach also fosters “positive synergies” between the different approaches. Unfortunately, this approach is weakened by a lack of support from the West and Burma’s neighboring countries, leaving the burden to implement it on international organizations with limited leverage and resources. In Pedersen’s view, principled engagement is more “theoretically attractive” than ostracism or economic cooperation. First, it can immediately alleviate the suffering of the Burmese people. Second, it is well-suited to the complex structural challenges of promoting human rights. Third, it offers opportunities to “enhance the benefits and lessen the costs” of sanctions and economic cooperation, fostering positive synergy among the approaches. In turn, Pedersen proposes keeping expectations low and working toward achieving small, incremental changes which will pose no threat to the regime, yet may transform the “configuration of power and interests” to bring about a bigger change.

David I. Steinberg, distinguished professor and director of Asian Studies at Georgetown University, examines the political circumstances that have influenced the United States’ policymaking process toward Burma. The Obama administration’s diplomatic strategy combines economic sanctions and practical engagement—opening a channel of dialogue with the Burmese junta, an approach fully endorsed by Burma’s democratic opposition. In Steinberg’s opinion, all U.S. presidential administrations since 1988 have invariably regarded Burma as an “outpost of tyranny.” This is not surprising, given the instrumental role that human rights associations and the Burmese expatriate community have played in making the human rights issue the focal point for U.S. policymakers. Nonetheless, in recent years, Washington’s human rights-centric focus on Burma has shifted to a humanitarian one following Cyclone Nargis.

In spite of general skepticism about the “free and fair” nature of the upcoming Burmese election, Steinberg points to the western media overlooking “a modest element of potential fairness”—vote counting will occur locally, rather than centrally, in the presence of members of registered participating parties. Moreover, the new constitution has also created local parliaments (*hluttaus*) at the state and regional levels—a move that is unprecedented in the history of Burmese politics. Steinberg is, however, pessimistic of any political gain that the opposition parties, including the NLD, can potentially make. He believes that the new election laws intend

to disenfranchise the NLD, but he also emphasizes that the NLD should not participate in these elections because it must not renege on its long-held position that the constitution and election laws are illegal.

Although Washington understands that it has little leverage over Burma, and that the sanctions policy is a failure, the administration still considers Burma, as Steinberg phrases it, “a boutique issue” in foreign policy—one that “appeals to a relatively small clientele . . . for which only a modest amount of political ammunition is to be expended.” Nevertheless, Obama’s political opponents still use any politically expedient opportunity to criticize his administration for the “failure to effect change” in Burma. This prompted the administration to renew economic sanctions against Burma on May 14, 2010, to alleviate the political pressure back in Washington.

Finally, **Bradley O. Babson**, a consultant to the United Nations and the World Bank on Burma, addresses ways in which the United States can successfully engage Burma’s economy during the country’s “transition” period of the next two years. In contrast to the other authors, Babson paints a more optimistic picture of Burma’s new era of governance. He suggests that Washington and the international community should foster a “robust domestic policy debate” on the economy at all levels of Burma’s newly elected government and offer technical assistance and capacity-building training to civil servants. He believes that the new constitution (ratified in May 2008) will hold elected officials more accountable about economic governance. The constitution’s regulations for running the market economy will inhibit crony capitalism through the prohibition of monopolies and unfair pricing practices. It also more clearly defines the fiscal responsibilities of each governmental branch and their “inter-governmental fiscal relations.” A “new high-level economics coordinating commission” will address financial management at the national and intergovernmental levels, and facilitate policy dialogue with the international community.

Babson also calls attention to Burma’s next generation whom, he believes, U.S. policymakers should target. The United States should take the initiative to facilitate educational exchanges with Burma, a privilege that is, so far, accessible only to the elite. To make reform happen, the United States should invest in Burma’s future leadership by building economic capacity and by supporting education and training for economic and democratic institution-building that will trigger reform in subsequent years. Organizations working on international development should develop and

support Burma's educational system. Babson also points out that improving the statistical base would encourage international financial institutions to be more involved in macroeconomic management, financial system reform, and carrying out larger-scale economic development projects.

Many people view the upcoming election as a possible turning point in Burma's history. Understandably, as it is the first general election to be held since 1990, it carries a great deal of historical weight. But as all the authors here agree, economic and political transition in Burma—if it were to occur—will be gradual. Some of the authors in this publication agree that Aung San Suu Kyi continues to dominate U.S. and international policy on Burma. Steinberg notes that the personal star appeal of Aung San Suu Kyi has emerged as the “most important determinant of U.S. foreign policy” toward Burma, leading many to view the Burma issue through the lens of the NLD. Callahan posits that the international community of Burmese pro-democracy supporters—exiles, celebrities, academics, advocates, and politicians—play a vital role in naming, blaming, and shaming the junta. As formidable as these efforts are, they still cannot (and have not) toppled the military regime. Haacke adds that many Southeast Asian nations have “mixed feelings” about Aung San Suu Kyi, viewing her as “insufficiently pragmatic,” fearing that she will disrupt the political stability of the region.

Indeed, Aung San Suu Kyi is an icon among the Burmese diaspora and the West more generally. Her stature closely mirrors that of the Dalai Lama. They both command a steady following in their respective exile communities; champion the grievances of their people; strive for progress in human rights, freedom, and democracy; and pose a threat to their governing regime's political stability. Yet, unlike the Dalai Lama or even some previous female Asian scions of political royalty—Benazir Bhutto, Indira Gandhi, and Corazon Aquino—Aung San Suu Kyi is a woman physically incarcerated in her own home country. Part of her appeal derives from being the eternal prisoner, victimized by her stature as the sole descendant of Burma's founding hero, Aung San.

Aung San Suu Kyi's supporters worry that her appeal is fading among Burma's young generation. According to a July 11, 2009, article in *The New York Times*, the younger generation of the country harbors a general sense of indifference toward Aung San Suu Kyi.⁹ This is not surprising, as they have lived through a time in which Aung San Suu Kyi was either abroad

or under house arrest. Their only acquaintance with her may be through history books or the media, with no close, personal contact resembling the close ties shared between her and the 88 Generation Students group. Paradoxically, the West, along with the Burmese diaspora, has propelled and maintained Aung San Suu Kyi's solid, iconic status.

So this leaves us with the question of whether Aung San Suu Kyi will still be relevant to Burmese politics in the coming decade. Perhaps, like the Dalai Lama, she will merely serve as a spiritual leader for a lost people for whom she has grown larger than life, perhaps more so than she can manage. So, in formulating policy, it is important to focus on the fact that Burma's problems entail more than just issues revolving around Aung San Suu Kyi's fate and welfare.

The editor of this volume expresses her gratitude to this collection's eight authors, who took the time from their busy schedules to draft the essays that made this publication possible. This collection of essays would not have been possible without the help of Asia Program associate Michael Kugelman, who provided his knowledge and editorial acumen in times of need.

NOTES

1. In analyzing the process of renaming Burma as Myanmar, Lowell Dittmer noted that it illustrates mainly a division between the nominalists (“those who consider names a matter of arbitrary convenience”) and realists (“those who think names mean something”). According to Dittmer, “Myanmar” derives from the literary form of the Burmese language while “Burma” comes from its spoken form (Bamar is the language of the dominant ethnic group). Burma was the name used by the independence movement prior to 1948. Political naming came in the wake of the 1988 coup and the military regime decided in 1989 (in the Adaptation of Expressions Law) to refer to Burma as Myanmar and Rangoon as Yangon. The UN, ASEAN, China, India, and Japan are nominalists, while the United States, Australia, Canada, and the United Kingdom still remain among the realists. The realists still use Burma as an official name mainly to deny the legitimacy of the junta. In this text, writers have employed “Burma” and “Myanmar” interchangeably, and their choice of denomination reflects their own individual positions, not those of the Wilson Center. See Lowell Dittmer, “Burma vs. Myanmar: What’s in a Name?” *Asian Survey* 48 (6) (November/December 2008): 885–888.

2. Naypyidaw has been the current administrative capital of Burma since November 2005.

3. Wai Moe, “Look East Meets Look West as India Hosts Than Shwe,” *Irrawaddy News*, July 27, 2010. Access at http://www.irrawaddy.org/print_article.php?art_id=19067.

4. Andrew Selth, “Burma’s ‘saffron revolution’ and the limits of international influence,” *Australian Journal of International Affairs* 62 (3) (September 2008): 281–297.

5. Michael F. Martin, “Burma’s 2010 Elections: Implications of the New Constitution and Election Laws,” CRS Report R41218 (Washington, DC: Government Printing Office, 2010).

6. Some “renegade” members of the NLD have moved on to form the National Democratic Force party just so they may participate in the upcoming election. This move has met with disapproval from Aung San Suu Kyi and her loyal supporters. Currently, Aung San Suu Kyi is still serving a sentence of house arrest, which was prolonged by an unanticipated “visit” from American John Yettaw. The timing could not have been more ideal for the SPDC, providing it with a new excuse to marginalize Suu Kyi. However, this incident also prompted the United States to revise its course on its Burma policy and initiate diplomatic engagement combined with economic sanctions. See Donald M. Seekins, “Myanmar in 2009: A New Political Era?” *Asian Survey* 50 (1) (January/February 2010): 195–202.

7. Media coverage of the domestic struggle between the junta and the NLD has constantly overshadowed the dilemma of Burma’s ethnic minorities and armed insurgencies in the country’s border areas. With more than 100 minorities, Burma

is dominated by its ethnic majority, the Burmans who comprise around two-thirds of the total population. Today, the minority groups still operate autonomously, some in co-optation with the government, some not. The larger armed ethnic groups have sizable military forces. For instance, the Wa has at least 20,000–30,000 soldiers while the Kokang has a force of 4,000 strong. Some of the major ethnic groups have received financial support from abroad. The Kokang, Kachin, and Wa have ties with the Chinese while the Karen receives support from western Christian groups. They use this as leverage to bargain with the junta in maintaining their autonomy. For more information, see Chizom Ekeh and Martin Smith, *Minorities in Burma* (London: Minority Groups International, 2007).

8. The Four Eight Movement, or the “8888 Popular Uprising,” comprised a series of protests and riots that started in Rangoon on August 8, 1988, then eventually spread to other parts of the country. This movement significantly solidified Aung San Suu Kyi’s status as the leader of Burma’s opposition.

9. *The New York Times*, “A Burmese Icon Tends a Flickering Flame,” July 11, 2009, <http://www.nytimes.com/2009/07/12/world/asia/12myanmar.html>.

PART I

Burma's Economy

FINDING DOLLARS AND SENSE: BURMA'S ECONOMY IN 2010

Sean Turnell

In recent times, questions concerning the state of Burma's economy have been unusually prominent. The December 2009 visit to Burma of Nobel Prize-winning economist Joseph Stiglitz, the release a few weeks later of the latest official report on post-Cyclone Nargis reconstruction, and a series of "privatization" announcements for an array of hitherto state-owned enterprises have all drawn attention to economic conditions in one of the world's poorest countries.

So what is the state of Burma's economy in 2010?

In a word, it is grim. Among those old enough to remember, there is something of a general consensus among Burmese farmers, workers, civil servants—even former soldiers and favored entrepreneurs—that Burma's economy is at its lowest point since the end of the Second World War. Frustration, despair, and a feeling that something has to give in a country in which its natural endowment promises prosperity, all the while its political economy serves up destitution, are near enough to universally expressed sentiments.

The purpose of this paper is to examine Burma's economy at the cusp of 2010, and to briefly look at some of the basic reforms that will be necessary to restore economic security to the Burmese people. The paper is divided into two parts—part I taking up the question of Burma's current economic state of play, and part II addressing some of the reforms necessary for medium and long-term growth.

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BURMA'S ECONOMY 2010

Economic Growth and GDP

For the last decade, Burma's ruling military regime (known as the State Peace and Development Council or SPDC) has routinely claimed economic growth rates in double digits. This account of Burma's economic performance, if true, would suggest that the world's fixation with the achievements of China in recent times is misplaced—and that Burma, the real global economic star, has gone without recognition.

Unfortunately for Burma's generals, even more for the people they rule over, claims of double-digit growth rates for Burma's economy now or at any time in the country's recent past are without foundation. Greatly at odds with other proxy measures of national output (such as plausible import trends, credit aggregates, electricity generation, fertilizer use, and so on), Burma's true economic performance is a world away from what the official data suggests. Formal measures such as gross domestic product (GDP) have, in truth, probably been growing modestly (at around 2 to 3 percent per annum), the principal driver of which has been Burma's rapidly increasing exports of natural gas. Remove gas exports from the equation, Burma's economy is dismal and depressing. With true per capita GDP at less than one U.S. dollar a day, Burma is one of the poorest countries in the world, and by some margin, the poorest in Southeast Asia. The daily life of the average person in Burma is one of grinding poverty and a remorseless effort for survival.

The dismal state of Burma's economy is the product of nearly 50 years of willfully inept economic management under a military regime that took power in a coup in 1962 and soon after, instigated a program known as the "Burmese road to socialism." In the face of manifest failure, this road was abandoned in increments in subsequent years but the fundamental nature of the regime's prerogative over all important aspects of the economy has remained constant and unbending. Burma's military apparatus throughout its rule has claimed the largest portion of the country's output even as it simultaneously undermines basic market institutions. There are no effective property rights in Burma. The rule of law is scarcely honored even in pretense. Macroeconomic policymaking is arbitrary, erratic, and without expert input. The SPDC spends vastly in excess of its (declared) revenue and resorts to borrowing from the Central Bank of Myanmar (CBM)

printing money, in short, to finance its spending, leading to entrenched inflation and monetary chaos. Burma's currency, the *kyat*, is widely distrusted and trades via wildly varying official and unofficial (market) exchange rates (currently at approximately \$1 to 6 *kyat* (\$0.92) and \$1:1,000 *kyat* (\$152.42) respectively). Apart from painting an image rightly associated with the most chaotic of economies, this twin exchange rate apparatus is a substantial barrier to foreign investment, creating an obvious incentive for corruption (for those able to buy dollars at the exponentially higher official rate in order to sell at the market rate).

Vital sectors of Burma's economy are deprived of resources especially for those related to social well-being and the formation of human capital. Burma spends little more than 1 percent of GDP on health and education as the only member of the Association of Southeast Asian Nations (ASEAN) with a defense budget greater than that of health and education put together. This has had (and will continue to have) grave consequences, with Burma becoming something of a hub for communicable diseases in recent years.

Meanwhile, Burma's education system has degraded to such an extent that little more than half of all Burmese children complete primary school. The country is one of the few places in the world where the present generation of children will be worse educated than their grandparents. Burma's schools, lacking the most basic resources, survive by levying all kinds of fees that only exacerbates low school completion rates. Teachers are so underpaid that most take on other work to survive (including teaching much of the set curriculum only to those who pay for it privately after formal classes). Moreover, the selling of exams is routine. The overtly political curriculum of Burma's government schools inflexibly set by the regime is taught, more or less, exclusively by rote. Higher up the education hierarchy, Burma's universities have become a travesty of what was once a beacon of quality. Deeply corrupt (the buying and selling not just of exams, but whole degrees is *de rigueur*) and under-resourced, Burma's universities are centers of surveillance and control routinely closed down by the regime at the first hint of unrest. Burma's ruling and business elite mostly opt out of sending their children to local universities, sending them abroad instead.

The SPDC's economic mismanagement means that even from non-sanctioning countries, Burma attracts little foreign investment. What does enter is strongly concentrated in the gas and oil sectors and other extractive industries. Employment generated from investments in these sectors

is scarce especially in technology or skill transfer. The average citizen of Burma spends over 70 percent of their income on food—a significant indicator of their slim margin of survival—by far, the highest proportion so devoted among Southeast Asian nations.

The primitive state of Burma's economy is conspicuous in its structural makeup. Dominated by primary industries, the share of manufacturing and services in GDP (critical sectors of countries that have truly achieved transformational growth) remains extraordinarily small. Table 1 below contains the relevant structural indicators for Burma, and those of its peers and neighbors:

Table 1: Sectoral Structure of Burma's Economy—Contribution to GDP (percent)

Sector	Burma	China	Thailand	Vietnam	Cambodia	Bangladesh
Agriculture, Livestock, Fishing and Forestry	47	13	10	21	33	19
Manufacturing and Processing	13	42	35	21	22	16
Services: Trade, Communications, Finance	27	40	46	38	38	55

Source: Asian Development Bank (2007).

Burma's economy is decidedly dualistic, a partition manifested in separate spheres of what economists label “formal” and “informal” activity. Most Burmese live in the informal economy. Engaged in little beyond subsistence agriculture—in petty production, trade, and rudimentary services—the vast majority of people in Burma struggles to make a living

in an economy that is overwhelmingly, if not exclusively, local. The family is the principal economic entity. The methods and organization of production are largely traditional. The vast majority of Burmese have no exposure whatsoever to the international economy or to industries and activities dependent on it.

Burma's formal economy including the country's state sector and much of the trade in energy, raw materials, precious metals and stones is, by contrast, dominated by the country's ruling military regime, and entities and individuals connected to it. Burma's military rulers have been extraordinarily inept in managing the country's macroeconomy but expert in ensuring that the economy's commanding heights, the trades that generate foreign exchange, and any new and profitable opportunities that occasionally emerge remain concentrated in their hands.¹ As we shall see later, this is true, above all, with respect to Burma's burgeoning exports of natural gas, the financial bounty of which is hidden and squandered by Burma's military leadership that could have been used to achieve much.

Famously, there is also a significant underground economy in Burma much of which comprises (objectively and internationally) as "illegal" activity which includes Burma's role as a substantial narcotics producer and distributor, and the source of smuggled gems, timber, and people. Some of this illicit activity is undertaken by Burma's military directly, and also in implicit collaboration with various ethnic ceasefire groups. As the U.S. Department of State's 2009 *International Narcotics Control Strategy Report* notes:

... There are credible indications that mid-and-lower level military leaders and government officials, particularly those posted in border and drug producing areas, are closely involved in facilitating the drug trade. The Burmese regime closely monitors travel, communications and activities of its citizens to maintain its pervasive control of the population, so it strains credibility to believe that government officials are not aware of the cultivation, production and trafficking of illegal narcotics in areas they tightly control.

... Burma has failed to indict any military official above the rank of colonel for drug-related corruption. Given the extent of drug manufacture and trafficking in Burma, it is likely that other individuals with high-level positions in the Burmese regime, and

their relatives, are involved in narcotics trafficking or misuse of their positions to protect narcotics traffickers.²

Burma's economic performance is likewise undermined by all pervasive corruption. Burma is routinely ranked among the most corrupt countries in the world by Transparency International's annual *Corruption Perceptions Index* (in 2009, it was ranked third from the bottom, bettered only by Afghanistan and Somalia).³ This corruption runs through all levels of society from the "tea money" demanded by petty officials to what amounts to nothing less than large-scale larceny on the part of Burma's regime and its business partners. As with teachers noted above, for the most part, civil servants in Burma are paid well below a livable wage, so the extraction of bribes for tasks that are ostensibly part of their employment is routine.

Cyclone Nargis

In May 2008, Cyclone Nargis struck Burma. Engulfing much of the country's most productive agricultural land in the Irrawaddy delta, the cyclone killed an estimated 140,000 people, made homeless another 800,000, and caused severe hardship for a third of the region's roughly 7.5 million inhabitants.⁴ In its economic dimension, this hardship was manifested, above all, in a sudden and devastating fall in incomes, with surveys taken in the first few months after Nargis revealing that the poor (the vast majority) in affected areas had suffered an effective halving of their spending power. Much has been made post-Nargis of a recovery in paddy and food production in Burma (largely via the expansion of production in non-affected areas and good climatic conditions in 2009), but the loss of income is not without relevance in an emerging consensus that Burma is presently facing chronic food insecurity simply because it matters little what happens to a country's aggregate food production if the population has no money to buy it.

The human and physical destruction of Nargis understandably and appropriately captured the attention of much of the world. Less in focus were governmental and institutional failures revealed in the cyclone's aftermath. Prominent among these has been the near complete failure of Burma's otherwise impervious (and newly "cached-up") state apparatus to provide the financial resources necessary for reconstruction, of physical infrastructure, and of that required for the rehabilitation of livelihoods especially with

respect to the provision of rural credit. Early accounts in the wake of the cyclone revealed that most households in cyclone-affected regions had no access to credit of any kind. Traditional “informal” credit networks through which farmers paid advances to agricultural laborers in kind (mostly baskets of rice) had collapsed due to the destruction of rice stock.⁵

In 2010, almost two years on from Cyclone Nargis, the crisis in Burma’s rural credit system is worse than ever. Credit remains in short supply. What is available via informal moneylenders comes at hefty interest charges that range from 5 to 20 percent *per month* for farmers and fishermen, and up to 50 percent per month for casual laborers without collateral.⁶ Burma’s formal financial institutions, including the state-owned banks supposedly dedicated to the rural sector, supply negligible credit. What they do provide (at subsidized rates that range from 1 to 3 percent per month) mostly ends up in the hands of the politically well-connected (who often then “on-lend” at substantially higher rates to the less fortunately linked). In the face of all this, the findings of the extensive surveys of the social impact of Nargis (carried out under the auspices of the Tripartite Core Group [TCG]) revealing that “many households are now in a debt trap, from which the prospects of escape are few,” are hardly surprising.⁷ Two other findings of these reports—pawnshops encountering increasing numbers of customers who “no longer have anything to pawn” and an acceleration in the rate of land loss by villagers to moneylenders—are ominous portents of what amounts to a crisis of great depth and persistence.

Of course, Burma’s rural financial arrangements were defective well before Cyclone Nargis. A sector that provides over 70 percent of employment in Burma and around 50 percent of GDP, agriculture receives little more than 1 percent of Burma’s formal credit. Burma’s rural finance system suffers from willful official neglect, a destabilizing policy environment, inappropriate regulatory structures, a lack of individual institutional capacities, and a scarcity of financial expertise and training. Political interference in the regulatory structure of Burma’s rural finance system is particularly damaging, among the most egregious of which is the (extraordinary) prohibition of commercial banks from lending for agricultural purposes. Other unhelpful government interventions include government-imposed interest rate ceilings on lenders and the perennial issue of the inability of farmers to fully use their land as loan collateral (since the state is the owner of all land in Burma).⁸

Burma's Fiscal Position and Financial Sector are Broadly Dysfunctional

Rural finance in Burma is just one aspect of a financial system that is more broadly dysfunctional especially and critically in terms of channeling funds to genuinely productive private enterprises. With little access to international capital, in the absence of functioning financial markets, formal finance for private enterprise in Burma is limited to that made available by the country's commercial banks (state and privately-owned). Even here, however, the circumstances are dire. Bank lending in Burma has recovered *somewhat* since a banking crisis tore through the sector in 2003, but it remains pitifully meager. In 2007, total funds lent by the banks were less than a quarter of that provided by the central bank to the state. Of course, as seen from Table 2, a substantial component of commercial bank lending itself (nearly 50 percent of the funds provided to the private sector) also went to the government. Burma's banking sector, in short, scarcely performs the intermediation function necessary for a country's economic development.

Table 2: State/Private Share of Burma's Financial Resources, Selected Indicators (*kyat* millions)

Year	Central Bank Lending to Government	Commercial Bank Lending to Government	Commercial Bank Lending to Private Sector
1999	331,425	12,460	188,149
2000	447,581	36,159	266,466
2001	675,040	40,985	416,176
2002	892,581	43,248	608,401
2003	1,262,588	35,546	341,547
2004	1,686,341	89,217	428,391
2005	2,165,154	100,358	570,924
2006	2,762,626	186,998	652,892
2007	3,534,687	389,398	795,227
2008*	3,880,765	620,875	907,177

*Data as of the end of December 2008.

Source: International Monetary Fund (IMF), *International Financial Statistics* (Washington D.C., June 2009).

The irresistible financial exaction of the government is the most significant and damaging of the maladies affecting private sector finance in Burma, but it is not the only one. Burma's financial system is dysfunctional in other ways, vividly demonstrated in the country's aforementioned 2003 banking crisis. An event that gained little notice internationally—the collapse of Burma's leading banks in 2003—brought about at least two years of negative economic growth (notwithstanding official GDP numbers) and for a time, reduced Burma to a near barter-based economy.⁹

Both before and after the 2003 banking crisis, however, Burma's banking system has provided little of the finance desperately needed by truly *productive* private enterprises and loans to businesses unconnected to the banks or to the government have been expensive and hard to come by. Surveys conducted by the author of Burmese business owners reveal that private banks are generally wary of lending to new enterprises that can offer little in the way of collateral. Meanwhile, for those banks that can put up collateral, the requirements are testing. A rule of thumb adopted by many banks is a demand for fixed-asset collateral of between 200–300 percent of the value of a loan.¹⁰ Such collateral can really only be offered by well-connected borrowers within larger business groups and/or parties with links to government and military enterprises. These same surveys reveal that unconnected borrowers are also typically asked to pay hefty establishment fees for loans (greatly increasing the “true” interest charged).

The high collateral requirements and other loan costs have created a circumstance in which private banks in Burma lend largely to enterprises that generate strong and rapid profits. Such enterprises tend to be engaged in highly speculative activities, in particular, hotel and real estate speculation, gold trading, jade mining, fishing, and logging concessions. In some cases, an extra “return” could be gained if the borrowers were so-called leaders of national races, many of whom enjoy extra privileges through special access to high-yielding natural resource sectors.¹¹ Of course, sometimes banks will partner especially well-connected individuals on no terms at all, writing off their losses as essentially the cost of a “political” insurance policy.

External Economic Relations

One potentially optimistic note to Burma's economy in recent years has been the apparent turnaround in the country's external trade. In place of the chronic deficits that hitherto have been a characteristic, there have instead

emerged persistent surpluses and swelling foreign exchange reserves. By the end of 2010, these reserves will increase to an excess of \$6 billion.

The reason for this trade turnaround is Burma's emergence as a major regional supplier of natural gas. Gas exports comprised around a quarter of Burma's exports by value in 2008–09, and their strength comes from a mixture of rising gas prices as well as increases in export volumes. Table 3 below reveals the story, along with that of Burma's increasing international reserves position as its corollary:

Table 3: Burma's Gas Exports, Indicative Prices, and International Reserves

Year	Gas Export Volumes (million Btu)	Gas Price (\$US/million Btu) ¹²	Burma's International Reserves (\$US millions)
2004–05	344,919,700	7.43	873
2005–06	331,758,216	7.31	1,026
2006–07	472,970,464	8.45	2,503
2007–08	530,129,320	9.41	3,638
2008–09*	303,163,368	6.50	4,500

*Data as of December 2008.

Source: Myanmar Central Statistical Organization (MCSO) (2010), IMF (2009a, 888–889).

Burma's gas export success story is attributed to its possession of large, exploitable fields of natural gas offshore in the Gulf of Martaban and in the Bay of Bengal. Cumulatively, these fields have confirmed recoverable reserves of around 600 billion cubic meters, with the potential of between 400 to 1,500 billion more in areas yet to be fully explored.¹³ Two of the fields already in production, the Yadana fields off Mouttama and the Yetagun fields off the Tanintharyi coast, came on stream in 1988 and 2000 respectively, becoming the overwhelming source of Burma's current gas deliveries. Together, they currently yield Burma around \$2 billion annually. Yadana was a joint venture between Burma's state-owned energy company, the Myanmar Oil and Gas Enterprise (MOGE), in partnership with

Total Oil (of France, which manages the project), Unocal (now Chevron, United States), and PTT Exploration and Production (PTTE, Thailand). The Yetagun fields were developed by MOGE, Premier Oil (UK, since replaced by Petronas of Malaysia), and Nippon Oil (Japan). The primary customer of the output from the Yadana and Yetagun fields is Thailand.

In a few years (likely in mid-2013), the export of gas from Yadana and Yetagun will be joined by new fields off Burma's coast in the Bay of Bengal. These fields, the most lucrative of which are collectively known as the "Shwe" fields, were explored and developed by a consortium comprised of MOGE, firms from South Korea (Daewoo International and the Korean Gas Corporation), and India (Gas Authority of India Limited, Indian Oil and Gas Corporation). The ultimate customer of the gas actually *delivered* from Burma's "Shwe" fields, however, will be China which in 2007, won a fiercely contested bidding war for the gas against India, South Korea, Bangladesh, and Thailand. China's Yunnan Province will be the recipient of the gas, courtesy of a 2,000-kilometer pipeline (constructed by a consortium of Chinese firms, as well as the aforementioned partners) that will run from Kyauk Phyu in Arakan State, and more or less, diagonally across Burma into Yunnan. Side by side with the gas pipeline, China will also build an oil pipeline that will deliver much of China's oil imports transported from the Middle East, eliminating the need for China's oil imports to move through the strategically sensitive Malacca Straits. Construction of this trans-Burma energy corridor commenced in September 2009 and with little in the way of labor or environmental considerations to get in the way, could be completed by mid-2013. Depending on prices, the "Shwe" gas will deliver annual revenues to Burma of over \$1 billion for the next 30 years.

Burma's Gas Earnings Go Astray

Of course, the story of Burma's gas earnings outlined above should be transforming the country, making fiscal space for the spending on infrastructure, health, and education that the country so desperately needs. This is not occurring, however, and the foreign exchange revenues Burma is accumulating are currently making a negligible contribution to the country's fiscal position. The reason is as simple as it is disturbing. Burma's U.S.-dollar gas earnings are being recorded on the government's published accounts at the "official" exchange rate of the *kyat*.¹⁴ This official rate (at around 6 *kyat* to

\$1) over-values the currency by over 150 times its market value (as noted, currently around 1,000 *kyat* to \$1), and correspondingly under-values the local currency worth of Burma's gas earnings by an equivalent amount. So, recorded at the official rate, Burma's gas earnings translate into less than 1 percent of budget receipts. By contrast, if the same U.S. dollar gas earnings are recorded at the market exchange rate, their contribution would more than double total state receipts, largely eliminating Burma's fiscal deficit. Appropriately brought back to Burma, the country's gas earnings could then allow substantial internally generated capital—more than that necessary, for instance, to eliminate the cash and credit crisis that is scarifying rural Burma and easily meet the needs for post-Nargis reconstruction.

Other Trade Patterns

Away from gas, Burma's international trade follows a pattern that has been in play for a number of years. Burma's largest trading partner is Thailand (courtesy of the gas exports above), ahead of China, which is Burma's largest source of imports and second largest export market. India has been an increasingly important market for Burmese agricultural exports, while both Japan and Singapore remain significant trading partners. Burma's trade with western countries, including the United States (but also those that have not levied sanctions) are negligible. Tables 4 and 5, which detail Burma's trading partners according to its export markets and import sources respectively, reveal something of this story:

Table 4: Burma's Exports by Source (*kyat* millions)

	China	Hong Kong	India	Singapore	Thailand	USA
2003–04	1343.2	475.5	2166.5	786.0	4676.1	582.7
2004–05	1658.8	656.1	1956.3	807.3	7219.2	1.5
2005–06	2125.2	1488.1	2841.6	1532.7	7868.6	0.8
2006–07	3530.4	2316.6	4217.2	1047.9	13,533.8	19.9
2007–08	3832.5	3573.0	4006.6	2210.1	15,530.0	12.2
2008–09*	621.0	1139.6	645.2	371.8	1238.1	0.1

*Data as of May 2008.

Source: MCSO (2009).

Table 5: Burma's Imports by Source (*kyat* millions)

	China	Japan	India	Singapore	Thailand	USA
2003–04	2816.8	1579.3	652.4	4048.0	1143.3	141.7
2004–05	2819.0	920.4	480.1	3471.5	1054.2	165.7
2005–06	2716.0	610.7	465.2	3240.2	1376.2	478.4
2006–07	4185.8	896.3	916.5	5928.0	1749.4	248.1
2007–08	5472.5	1335.0	954.7	4489.8	2110.7	121.6
2008–09*	1174.8	109.1	109.2	762.9	318.6	15.4

*Data as of May 2008.

Source: MCSO (2009).

The heavy-handedness of the state in Burma's external trade is very apparent, around 65 percent of which, in 2008–09, was undertaken via state-owned enterprises (SOEs). Although Burma imposes relatively low formal tariffs, non-tariff and non-formal trade barriers are substantial. Export and import licenses are required for the movement of most commodities in and out of Burma, the issuing of which usually come under the remittance of the trade committee of the SPDC and its head (the second-in-command of the junta), Vice-Senior General Maung Aye. Other barriers include restrictions on the repatriation of profits, a great array of impositions on foreigners working for international firms, and various limits upon access to foreign exchange.

A "Resources Curse" Plagues Burma

Burma is now earning substantial revenues from the sale of natural gas from its offshore deposits as noted. Such earnings, which could rise to around \$3–4 billion per annum in the years ahead, offer the opportunity to change Burma's economic narrative. Alas, they are not doing so. So far, almost invisible in the country's public accounts, they seem to be earmarked for the type of wasteful and grandiose spending projects that have characterized Burma's military regimes for nearly five decades. In short, Burma's earnings from its natural gas exports seem primed to visit upon the country a "resources curse."

The notion of a “resources curse” refers to the seeming paradox of abundant natural resources in a country and its simultaneous economic underperformance. Initially, the idea was founded on the observed harmful effects on the manufacturing sector of real exchange rate increases via booming commodity exports (the so-called “Dutch disease”), but in recent times, attention has turned to the ways in which resource windfalls can undermine good governance, democracy, the rule of law, and other attributes and institutions conducive to economic growth. Resource revenues easy to distribute to well-connected insiders and others can promote corruption, under-investment in human capital, and allow governments the wherewithal to be unresponsive to the needs of their citizenry. Simultaneously, such revenues also increase the incentives to attain (and retain) political power from which the extraction of economic “rents” becomes the vehicle for wealth and prosperity for those able to access them, at the expense of enterprises and other virtues which otherwise might drive national wealth creation. Meanwhile, the creation of an effective democratic state itself is undermined, in favor of a political apparatus favoring repression, the doling out of rewards for regime loyalty, and the creation of self-celebrating “prestige” projects that unfortunately litter much of the developing world. The latter are manifested in a number of ways in present-day Burma, most spectacularly so in the construction of Burma’s new administrative capital (“Naypyidaw,” translated from Burmese as the “abode of kings”). Others include the recent (\$570 million) purchase of 20 MIG-29 fighter planes from Russia, some dramatic increases in military salaries, a plan to create a vast biofuel industry in Burma by planting *jatropha* plants on almost every patch of available land, and perhaps most worryingly of all, the purchase of a nuclear reactor from Russia as well as materials of unknown kind and use from North Korea.

REFORM?

Burma’s dire economic circumstances are the result of four decades of mismanagement under military rule. Despite the lip-service paid since 1988 to the primacy of the market economy, military rule in Burma has been characterized by an absence of meaningful economic reform—one that distinguishes Burma from the experiences of otherwise comparable countries such as China, Vietnam, Laos, and Cambodia. The prerogative

of the state remains dominant in Burma, which together with a few oligarchic enterprises, controls the economy in every important aspect. Equally controlling, however, is a mindset of state planning manifested in the commands, rules, regulations, permits, and procedures familiar from the days when the “Burmese way to socialism” was the country’s *de jure* as well as *de facto* ideology.

Meaningful economic change in Burma must commence with fundamental institutional reform that will embrace the application of:

- government policy-making that is rational, consistent, and informed by a reasonably honest and efficient civil service;
- effective property rights;
- certain indispensable freedoms (including at least, an approximation of the rule of law and a necessary degree of government accountability);
- basic functioning infrastructure;
- market-opening policies including the removal of remaining restrictions on private enterprise;
- genuine openness to foreign trade and investment.

With such institutional reforms in place, economic policies elsewhere and in Burma’s own past that have proved successful in stimulating transformational growth can be implemented and pursued. These policies with the *specific* circumstances of Burma in mind should include:

Fiscal Consolidation

The claims of the state on Burma’s physical and financial resources constitute the country’s most important economic problem. Indeed, it has robbed Burma of the place it should enjoy among the “Asian tigers” that were once its peers. Reducing the role of Burma’s state in the economy should be an urgent priority of any genuinely reforming government. Come political reform, however, this task may be made somewhat easier by a resultant reduction in the manpower of Burma’s armed forces, the *tatmadaw*, whose task would no longer include internal political repression.

Burma’s state-owned enterprises, notoriously inefficient even when used as patronage vehicles by the ruling regime, are a significant drain on government finances. Privatizing many of them in a transparent process

that generates appropriate public revenues while introducing necessary competition should form a part of a program of fiscal consolidation in Burma. Of course, in early 2010, the SPDC itself has embarked upon a program of privatization of ports, airports, fuel filling stations, and various other entities. This process which seems to be inspired by the desire of the regime and parties connected to it to transfer state resources into their own hands before the mooted elections later in the year, however, has been conducted without transparency and seems to involve little more than the conversion of state monopolies into private ones.

Genuine privatization will raise funds for a reforming government in Burma, while creating space for a greater role for private sector actors who will be indispensable to (bona fide) transformational economic growth. But in terms of funds for the government at least, privatization will be a minor matter compared to reforming the way in which Burma's gas revenues are recorded and allocated in the public accounts. The sleight of hand by which the existing regime effectively expropriates and hides these revenues has been noted above. Exposing this accounting trick should be a first-order action of any government pursuing reform in Burma, closely followed by the creation of policies and institutions for better inoculating then profitably using Burma's gas revenues. Of course, on this, Burma has quite an array of other country experiences to draw from.¹⁵

Exchange Rate Unification

Unifying Burma's divergent exchange rates must be an immediate priority of any reforming government. Apart from painting an image rightly associated with the most chaotic of economies, Burma's dual exchange rate apparatus imposes costs. Creating an obvious incentive for corruption (for those able to buy dollars at the official rate and sell at the market rate) and an impediment to foreign investment, the dual exchange rates incur great costs to existing businesses within Burma seeking to export or import (that are forced to inhabit a gray area of legal vulnerability) and to those generally needing official approval in some form. Overall, the IMF estimates that economic losses associated with the inefficiencies of Burma's divergent exchange rates amount to as much as 5 to 10 percent of the country's GDP.¹⁶

Fortunately, this aspect of economic reform can be quite quickly and easily implemented since, in essence, unifying Burma's exchange rates simply requires abandoning the unrealistic official rate and allowing the

kyat to legally trade at its market value. Formally, this means the adoption of a “floating” exchange rate for Burma (of the sort prevalent in many countries throughout the world, developing and developed alike).

Electrification

One of the most striking aspects of Burma’s management of its gas resources is the policy of (almost completely) selling this energy source to neighboring countries at the expense of using it domestically as a direct fuel which can be used to generate electricity. With the exception of the new capital of Naypyidaw, electricity shortages throughout the length and breadth of Burma are legendary, constituting a significant impediment to investment especially in manufacturing.¹⁷ The preferences of the regime for the quick cash from exporting Burma’s gas in this context is in interesting juxtaposition to the policy of neighboring Bangladesh (with which Burma is engaged in a border dispute over certain new and potential gas fields in the Bay of Bengal). Despite being no less in need of foreign exchange, Bangladesh’s hunger for energy is predicated on the understanding of its government that cheap gas-produced electricity is key to its industrialization and the improved living standards of its people.

Liberalization of Rice Trade and of Agriculture

The principal obstacle holding back Burma’s agriculture sector, especially in the production of rice (in which Burma once ruled supremely as the world’s largest exporter), is once again an overbearing state apparatus that for decades has commanded what, how, and when farmers produce, rather than letting them make the decisions they are best qualified to make. This, coupled with underinvestment and decades of state exploitation of Burmese farmers and the wholesale theft of their output at almost every level of authority, has been the primary culprit for the regression of Burmese agriculture into its present (globally) marginal and inefficient form.

Once again, however, the situation here is amenable to solution by a government genuinely dedicated to turning matters around. Such solution includes the restoration of a viable rural credit system (below), but more broadly, the liberation of agricultural markets (in particular, allowing Burmese rice cultivators to once again freely export) and granting Burmese farmers the freedom and incentives to do what they do and know best. Improving infrastructure in rural areas, the accessibility of credit, fertilizers

and other inputs, distribution, storage, processing—all this is necessary too and involves the commitment of some resources. But the critical ingredients for the revival of Burmese agriculture—the allocation of freedoms and rights to property—come more or less without financial cost.

Recapitalizing Rural Finance

The shortage of credit provided to the Burmese cultivator, its high cost, the absence of formal institutions in its provision, and evidence of growing land alienation are features of what is clearly a crisis in Burma's rural credit system. Fixing this system, through what will amount to its recapitalization, will be another useful avenue through which Burma's gas export revenues could be dedicated.

Of course this capitalization can be achieved through the channeling of funds through existing institutions, a reformed agricultural bank, the microfinance operations that currently function, or also, the creation of new financial institutions drawing on the best methodologies employed elsewhere (from Indonesia's famed Bank Rakyat Indonesia, for instance) as well as Burma's own past. Regarding the latter, it is often forgotten that Burma was once the location for one of the most effective combinations of finance and agriculture the world has seen—a combination that, in the late 19th century, created the famed "rice bowl" of Asia and underpinned the country's relative prosperity for half a century.

CONCLUSION

Burma's economic future could and should be bright. As the potential beneficiary of a seminal shift in the global commodity price cycle and ideally situated geographically to exploit it, Burma in 2010 once more stands at a crossroad. In 1962, Burma's leaders stood at a similar junction but took a direction that dealt the country out of a process that, elsewhere in Asia, proved transformational. In 2010, Burma may get a chance to revisit the mistakes of the past, and create the institutions and policies that will deliver the prosperity promised by its natural endowment. In order to do so, however, broader changes to Burma's political economy must be enacted. That such changes point in the direction of greater freedoms for the people of Burma is not a coincidence, but a nexus of politics and economics that anywhere and everywhere has been indispensable for growth and development.

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NOTES

1. For more on this, see Alamgir 2008.
2. Available online at <http://www.state.gov/p/inl/rls/nrcrpt/2009/vol1/116520.htm>, accessed March 1, 2010.
3. See http://www.transparency.org/policy_research/surveys_indices/cpi/2009/cpi_2009_table, accessed March 4, 2010.
4. These numbers are drawn from the Post-Nargis Joint Assessment taskforce (PONJA), established under the Tripartite Core Group (TCG) that comprises representatives of Burma's government, ASEAN, the UN, and UN agencies.

5. United Nations Office for the Coordination of Humanitarian Affairs, "Preliminary findings of post-Nargis joint assessment confirm need for continued relief assistance," press release, June 25, 2008, available at <http://www.reliefweb.int/rw/RWB.NSF/db900SID/AMMF-7FYBZL?OpenDocument>, accessed July 31, 2009.

6. For more on interest rates in Burma, pre and post-Nargis, see TCG (2010, 27–29) and Turnell 2009.

7. See Tripartite Core Group (2010, 25).

8. On the many issues surrounding landownership in Burma, see Hudson-Rodd and Sein Htay (2008).

9. For a comprehensive analysis of Burma's 2003 financial crisis, see Turnell (2009, 297–318).

10. The surveys from which these accounts derive were conducted by the author across 2006–2007, and again in early 2009, in the United States, Singapore, Thailand, and Burma itself.

11. Many of these leaders were those who had made ceasefire agreements between the groups they represented and the SLORC/SPDC. For more, see Lintner and Black (2009, 113–132).

12. Prices are a composite of those applying to the delivery of natural gas to a number of countries and regions. Gas export prices are typically quoted in British thermal Units (Btus), a measure that accounts for both volume and energy intensity.

13. See British Petroleum (2009). According to the U.S. Geological Survey, the "average" estimate of Burma's undiscovered gas reserves is around 700 billion cubic meters. See "Myanmar: Assessment Results Summary–Allocated Resources," at <http://energy.cr.usgs.gov/WEcont/regions/reg8/r8myan.pdf>, accessed March 1, 2010.

14. This finding is confirmed in the IMF 2009b confidential report on its Article IV discussions with Burma.

15. But for a discussion of the options for Burma on this front, see Turnell 2008 and Turnell, Bradford, and Vicary 2009.

16. See International Monetary Fund (2009a, 16).

17. According to one potential investor in correspondence with the author, the extra costs associated with the need for constantly having private (diesel-powered) generators on tap is sufficient to more than offset any benefit Burma offers in terms of lower labor costs.

THE RISE OF PRIVATE INDIRECT GOVERNMENT IN BURMA

Ken MacLean

The concept of human security, commonly defined as both “freedom from fear” and “freedom from want,” emerged in the early 1990s, largely in response to the challenges globalization posed for traditional understandings of sovereignty in the post-Cold War era.¹ Proponents of the new paradigm argued that state-centric approaches to security, while not unimportant, were insufficient in an era characterized by a dramatic and often destabilizing increase in flows of people, goods, and services—many of them illicit—across national boundaries.² Instead, they advocated for a more flexible, proactive approach, which placed the basic needs of ordinary people rather than those of states at its core. While this paradigm has become quite popular, especially among those who support an integrated, rights-based approach to human development, it has also proved to be very difficult to implement, especially in cases where the primary cause of “want” and “fear” is the state itself.

This has long been true in the case of Burma, where the military has ruled the country in one form or another since 1962. Indeed, many experts are concerned that the country as a whole is on the verge of humanitarian collapse after nearly five decades of inept, kleptocratic, and frequently brutal authoritarian rule.³ The most extreme forms of this rule can be found in the country’s border regions, where successive campaigns against different armed groups, many of them opposed to centralized rule by the ethnic majority, have militarized many, though not all, of these

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formerly “non-state” spaces.⁴ These campaigns, which have been widely documented by human rights organizations, have displaced hundreds of thousands of people and contributed to the flight of as many as two million more to Thailand alone. In fact, conditions in these still contested regions are now so dire that the United Nations Special Rapporteur on Human Rights recommended in March 2010 that the body create a commission of inquiry to investigate whether the military regime, currently known as the State Peace and Development Council (SPDC), is guilty of war crimes and crimes against humanity.⁵

Despite this record, the “international community” remains sharply divided over what should be done. Indeed, the terms of the debate have hardly changed since the military regime’s violent crackdown on unarmed demonstrators in 1988, which claimed several thousand lives and its subsequent decision to disallow the results of the 1990 elections. (The National League of Democracy, nominally headed by Aung San Suu Kyi, won 392 of the 492 seats.) These events prompted some governments to impose significant sanctions on the regime, many of which remain in place today. Others, by contrast, opted to maintain ties with the regime in the hopes that continued engagement would bring about constructive change. Since the terms used in these debates are rarely commensurate—they reflect dramatically different ethical positions as well as assumptions about the relationship of economic growth to political liberalization—each side tends to dismiss the claims of the other as being either naïve or amoral.⁶ In the meantime, ordinary Burmese have continued to suffer.⁷

Of course, this impasse is not entirely reducible to the debate over the possibilities and limits of constructive engagement. Nonetheless, the continued preoccupation with these concerns has badly constrained our ability to imagine other possible solutions to the crisis that, although unfolding inside Burma, has long posed a threat to the entire region’s stability due to the regime’s documented involvement in human trafficking, weapons smuggling, opium cultivation, methamphetamine production, and money laundering, among other illicit activities.⁸ To move beyond this impasse, it is therefore necessary to recognize that both approaches have failed to achieve their intended goals. Sanctions have not fully isolated Burma from the outside world. Nor has constructive engagement resulted in greater respect for human rights norms or the rule of law by the regime’s military or civilian personnel. Instead, each approach had undermined the overall

effectiveness of the other since they were implemented concurrently and with little coordination. The significance of this is two-fold. First, it has meant that efforts by different segments of the “international community” to positively shape events inside Burma have inadvertently contributed to greater rather than less “fear” and “want” throughout the country. Second, this trend has not affected everyone in Burma; indeed, a range of actors—some part of the regime, others not—have benefited greatly from the opportunities that the contradictory mix of sanctions and investment offered for those in a position to take advantage of them. The remainder of this essay outlines why this has been the case.

THE ENTREPRENEURIAL TURN

Since 1989, the military regime has brokered more than two dozen cease-fire agreements with armed opposition groups across the country, most of which were organized along ethnic lines. While the ceasefire agreements did little to resolve the political disagreements animating different armed struggles, they nonetheless served a tactical purpose. Armed groups that “returned to the legal fold” (i.e. publicly acknowledged the legitimacy of the regime) were able to retain some administrative control over large and frequently discontinuous pieces of territory as well as the populations and resources within. In exchange, the ceasefire agreements made it possible for the regime’s armed forces (*tatmadaw*) to concentrate its counterinsurgency operations in a steadily decreasing number of areas around the country where large-scale armed opposition still existed. Together, these related processes have dramatically enlarged the amount of territory the SPDC could realistically claim to exercise permanent authority.⁹

By the mid-1990s, the regime’s efforts to further consolidate its control over these former conflict zones shifted from a wholly militarized approach to one that placed greater emphasis on “economic development.” While state-sponsored initiatives in the country’s remote border regions formed a crucial component of this new security strategy, the regime increasingly relied upon joint venture agreements to help revitalize the country’s economy, which had badly stagnated during three decades of centralized state control known as the “Burmese Way to Socialism” (1962–1988). However, the move toward a more market-oriented economy did not signal an official

endorsement of the values and practices associated with neo-liberalism, which were then being adopted across much of Southeast Asia.¹⁰ The flirtation with the marketplace was instead prompted by a series of trade and investment sanctions some western governments and international financial institutions have employed since 1988 to punish the regime for its failure to respect the rule of law and basic human rights norms. Unfortunately, attempts to isolate Burma economically and thus, create conditions for “regime change” have failed to produce their desired effect. Instead, the sanctions have ironically strengthened the military regime by forcing its personnel to diversify their existing business interests and to develop new ones more quickly than might have occurred otherwise.

One consequence of the entrepreneurial turn, which affected all levels of the regime, was the rapid conversion of previously contested spaces into commodified ones where large-scale resource extraction could openly take place. While the precise details of the ceasefire agreements the regime separately negotiated with different armed groups have never been public, a growing body of data suggests that the number of joint ventures extracting gems, precious metals, minerals, tropical hardwoods, and other valuable resources dramatically increased in each of the former conflict zones immediately after a ceasefire was declared. Significantly, most of these joint ventures were not formally registered companies; rather, they were ad hoc entities that opportunistically linked military and commercial interests together in a particular place, though rarely on equal terms. Typically, these entities partnered members of different *tatmadaw* field battalions, different ceasefire groups, state-owned enterprises, and local entrepreneurs, especially those with access to foreign capital via transnational personal networks. Such strategic alliances, while not unique to Burma, nonetheless assumed a specific form in this context due to the pressures the regime faced at the time. Moreover, the very conditions that contributed to the proliferation of joint ventures in the ceasefire areas made it impossible for any one entity to monopolize the resources in a given enclave.

Three processes, all of which reinforce one another, account for this state of affairs. First, due to budgetary and ideological reasons, the regime requires all of its field battalions to be as economically self-sufficient as possible. This policy, introduced in the early 1990s, has encouraged the battalions to engage in a diverse array of activities to fund their operating expenses, which minimally include food, ammunition, and pay packets for

the soldiers under their command. Of these activities, joint ventures are among the most lucrative since they allow the battalions to collect various rents (such as extra-legal taxes and protection fees) in addition to a percentage of the commodities extracted. Second, decades of counterinsurgency operations have resulted in the extensive militarization of Burma's border regions. There are, for example, more than 200 infantry battalions presently deployed on or near the country's eastern border.¹¹ Due the density of these deployments, battalions frequently find themselves seeking to exploit the same limited number of economic opportunities in order to finance themselves. Third, most of the extractive enclaves in the ceasefire areas contain several different kinds of resources, so concessions devoted to one commodity often overlap spatially with others, which results in shifting forms of competition and collusion between the ad hoc joint ventures.

Over time, these practices have produced a curious paradox that complicates conventional understandings of sovereignty, which still privilege a state's monopoly over the legitimate use of force within a territory. On the one hand, the resource concessions have helped the regime to expand its military, administrative, and economic reach into areas of the country where it previously had little or none. On the other hand, the resource concessions have simultaneously undermined the regime's ability to exercise *centralized* control over these same areas since the joint ventures are able to divert a considerable portion of the resources they extract (rents as well as primary commodities) to members of their respective patron-client networks, group, or locality. Both processes have not only intensified efforts by the joint ventures to claim what remains of Burma's natural "capital" before someone else does, but accelerated the devolution of sovereignty into competing networks of authority and accumulation, which cross-cut the regime's civil and military bureaucracy at some moments and bypass them entirely at others.

THE EMERGENCE OF PRIVATE, INDIRECT GOVERNMENT

These outcomes are, of course, not unique to Burma. Achille Mbembe, in his work on the banality of power in contemporary Africa, observed that many sub-Saharan states underwent rapid and often violent de-linking

from the formal global economy during the 1980s and 1990s as a consequence of government policies, structural adjustment programs, and/or armed conflict—often related to and sustained by primary commodities, such as tropical hardwoods, gold, diamonds, oil, and coltan.¹² New links formed in their place, reconnecting some parts of these states to the informal global economy, but not others—an uneven and spatially discontinuous process that further fragmented state authority. The result, he explains, was the emergence of competing forms of “private indirect government,” which both required and perpetuated the need to use violence in the place of the law to control resources, extract rents, and appropriate other sources of economic value from others.¹³ These broad similarities suggest that much could be gained from comparative studies, which explore the extent to which these patterns are shaped, at least in part by the legacies of (British) colonial rule across different post-colonial settings. But for that to be possible, further micro-level research is needed to document what actually occurred in particular times and places.

Toward this end, my discussion below summarizes some of the key findings from a series of clandestine fact-finding missions that researchers from EarthRights International (ERI) and the Karen Environmental and Social Action Network (KESAN) carried out between 2001 and 2005 in Nyaunglebin District, in the eastern part of the Pegu Division.¹⁴ Further research is planned to document changes since then, especially in light of the military offensives conducted in the study area from 2006 onwards; however, the intent at the time was to assess if and how the emergence of “private indirect government” in Burma was connected to what I have termed the “entrepreneurial turn” more generally.

With this in mind, researchers conducted rapid rural appraisals in Nyaunglebin District, particularly Shwegyin Township, to gather details on the dynamics of the conflict, which involved several different armed groups and its effects in terms of the number and location of villages destroyed, relocated, or abandoned since the 1970s. These details were analyzed in conjunction with current information compiled by other respected organizations (e.g., the Thai Burma Border Consortium, the Karen Human Rights Group, and the Free Burma Rangers) to identify historical patterns of forced migration in the district. Researchers also carried out semi-structured interviews with a wide range of Burmese from different ethnic backgrounds that resided and/or worked in the extractive enclaves,

including: local businessmen, soldiers, and migrant laborers involved in mining and logging activities as well as horticulturalists, rattan harvesters, charcoal producers, and petty traders. Where possible, internally displaced persons (IDPs) who fled these areas for more remote ones in the rugged mountains to the east, toward the western boundary of Karen State, were also interviewed.

Taken together, these patterns reveal that counterinsurgency campaigns were not antithetical to the pursuit of profit; quite the contrary, as resource exploitation did not stop during three previous waves of large-scale, regime-sponsored violence against civilian populations in Nyaunglebin District during 1975–1982, 1988–1990, and 1997–1999. Rather, resource exploitation continued and, in each case, expanded in both size and scale immediately after the forced relocations ceased. More strikingly, the forced relocations also tended to occur in areas where valuable natural resources were located. This suggests that economic interests helped shape tactical concerns, a conclusion I provide further evidence to support below.

Interestingly, the developments in Nyaunglebin District were originally made possible by events elsewhere. A series of ceasefire agreements reached in Shan State between 1994 and 1996 enabled some local entrepreneurs, many of them linked to different armed groups, to import hydraulic mining equipment from the People's Republic of China, purportedly using capital borrowed from investors in Singapore. The new technology, coupled with armed backing, helped a relatively small number of ad hoc joint ventures to consolidate gemstone mining (primarily rubies and sapphires) in and around Mogok in Mandalay Division in north-central Burma. Shortly afterwards, thousands of small-scale miners suddenly found themselves transformed into day laborers after these joint ventures seized their claims, most often by extralegal means. As one former miner explained, “The people may own the land in Mogok, but we don’t get any benefits. It’s like the deer that has many fawns, but the tiger will always get them. Here, the tiger is the military. Mogok people don’t want to stay anymore because of the conditions.” Beginning in 1995, a number of these miners, who are largely of Shan or Chinese descent, migrated to Shwegyin in Nyaunglebin District, approximately 700 kilometers to the southeast, where they have since gained control of the gold mining operations there with the help of local businessmen, *tatmadaw* field battalions, and one of its key proxies, the Democratic Karen Buddhist Army. In the process, the

miners have helped reproduce the very conditions that forced their initial departure, but this time upon the Sgaw Karen, who form the ethnic majority in this latter region.

These events, which I have described in great detail elsewhere, evince similar patterns of enclosure and displacement despite significant differences in the commodities extracted, the history of armed conflict in both locales, and the ethnic populations within. While many of the similarities can be attributed to the underlying logic of “primitive accumulation,” which organizes extraction in the mining concessions in common ways, the field data also reveals how the forms of regulated (i.e. non-lethal) violence the ad hoc joint ventures utilize in both enclaves generate different outcomes for the populations subjected to them. In some cases, these practices reinforce existing ethno-racial hierarchies, which privilege ethnic Burmans over others while in others, they blur them.¹⁵

But in no case do these practices reflect regime-led efforts to reorganize national spaces or to “graduate” the rights afforded to those who work within different zones, as has occurred in other parts of Southeast Asia where states selectively link some of their territory and populations to global circuits of capital.¹⁶ Although a number of such extra-territorial zones exist in Burma, they are few in number and, with the notable exception of the Yadana Natural Gas Pipeline, not essential to the regime’s economic survival. Instead, the practices at work in the vast majority of the country’s extractive enclaves produce complicit subjects who participate in economic practices that destroy the very ecosystems they depend upon for their cultural as well as economic survival. Several examples follow to more fully illustrate the varied forms of “private indirect government” found in the extractive enclaves located in and around the Shwegyin river and its tributaries: the Matama, Oo Pu, Tinpa, Kyopaku, Maezi, Meala Pu, and Boekahta.

The primary driver of the “resource fatalism” found in these enclaves is, of course, militarization. Between 1999 and 2005, four separate *tatmadaw* battalions established 17 new army camps and 25 relocation sites to control displaced populations forced to reside nearby. (At the time the study was completed in 2005, the relocation sites held approximately 7,900 people, while another 13,400 were estimated to be in hiding in mountainous areas.) These camps permit the *tatmadaw*, which maintains a Strategic Operations Command outside the town of Shwegyin, to carry out tactical operations

in the surrounding mountains. When not on patrol, companies and platoons drawn from these battalions provide security for the Kyauk Naga Dam, being built on the Shwegyin River, and the mining and logging concessions found nearby.

Rents and Non-Lethal Violence

Since the SPDC requires the *tatmadaw* to be as economically self-sufficient as possible, an elaborate system of rent collection has emerged in and around these concessions, which different state-owned enterprises, ad hoc joint ventures, and other armed groups unofficially lease from them (see Table 1). These rents include a wide range of extra-legal taxes on commodities, passage through the area, and all income generated in the concessions. As one local resident explained, “I had to pay so many taxes that I had to start logging to survive.”¹⁷ Security fees are also levied as are a number of different permit requirements to extract resources, to employ laborers, and to provide them with food and other services. These revenue streams have produced a number of interesting effects on the forms of government found in the concessions.

First, “private indirect government” has helped regulate the violence used in them. This is not to suggest human rights abuses no longer occur; they do; however, abuses tend to be non-lethal in nature and designed to enforce particular forms of labor discipline among the workers. Second, the incidence of forced labor, still commonplace outside the concessions, has largely been replaced by wage labor within them, as this generates another revenue stream. Third, since the members of each platoon are able to keep whatever rents they can extract after meeting their monthly payments to their commanders who, in turn, are expected to contribute a portion of these funds further up the chain of command, there is a strong incentive to extract as much as is possible before rotating out of the concessions. This practice, since it promotes competition among different units within the same battalion as well as between the different battalions stationed in Shwegyin over a finite amount of money, food, and labor, has further eroded the human security of those who work in the concessions or still reside nearby. As one Karen farmer whose livelihood was under constant threat due to these demands puts it, “We live in their hands. If they kill us, we will die. If they keep us alive, we will live.”¹⁸

Table 1: Selected Rents Extracted in the Mining Concessions, Shwegyin Township (2004–2005)

Collected By	Type	Amount (Kyat)
<i>Tatmadaw</i> units	Security fee for mining companies	1,000–20,000/month
<i>Tatmadaw</i> units	Tax for small business operators (tea, video, karaoke, and casino/brothel)	400/night
<i>Tatmadaw</i> units	Security fee for small business operators	1,500–3,000/shop/month
<i>Tatmadaw</i> units	Residence tax for miners and dependents	700/person/month
<i>Tatmadaw</i> units	Travel fee to enter and to exit concessions	500 per person (valid one week to one month)
<i>Tatmadaw</i> units	Security fee for landowners near mining sites	1,000–2,000 per owner a month
<i>Tatmadaw</i> units	Permit fees for firewood collection	3,000/person/month
Mining company	Scavenging fee	2,000–3,000 per person a day to search tailings for gold
High-ranking military officials and businessmen	Lease fee for mining on private property	Landowner retains 60 per cent of all gold extracted
<i>Tatmadaw</i> Battalions	Tax on miners employed by company	1,000/miner/month
Division 77 Headquarters	Concession fee (separate from amount paid to the Department of Mines)	100,000/month
Division 77 Headquarters	Rental fee for hydraulic equipment (goes to the “Division Fund”)	100,000–500,000/machine/month (Varies by productivity of site)
Southern Command	Permission fee paid by battalions to collect the above	500,000 per month

These patterns described above are significant on a number of levels. Most obviously, they indicate that even small enclaves can generate substantial streams of revenue for mid-level military officials, local businessmen, and other persons involved in different extractive industries. Less obviously, but more importantly, these same patron-client relations reveal the extent to which “private indirect government” has simultaneously extended and fragmented centralized rule. Militarization of the area has increased and intensified mining, logging, and the extraction of other commercially valuable forest products; however, it has not resulted in improved access to health care, education, or other services related to the overall security of those in the region. Quite the contrary, the extractive practices described here have consumed not only the physical and economic well-being of those who live in the study areas, but the very ecosystems they depend upon for their long-term survival. As another Karen farmer turned logger put it, “When the next generation is asked where their parents lived, they will not be able to say anything because the land will have been destroyed and there won’t be anything left to show them.”

CONCLUSION

The case study outlined here raises a number of important issues—among them, the possibility that the binaries that have long informed popular understandings of the ongoing violence in Burma no longer hold, indeed if they ever really did. This is not to suggest that the political aspiration of different ethnic “nationalities” have disappeared or that state-sponsored forms of forced assimilation (commonly known as “Myanma-ification”) have declined; rather, it is to note that access to and control over different kinds of natural resources—some licit, others not—have *always* played a crucial role in the forms of “private indirect government” found in Burma’s border regions, many of which long predate the entrepreneurial turn. The most important of these involves the use of regulated violence to extract primary commodities and to discipline the ethnically diverse populations found in the concessions. Over time, these practices have fostered the growth of multiple networks of regulatory authority and wealth accumulation based on the continued redistribution of primary commodities, rents, and other assets across political, economic, and cultural boundaries.

Consequently, the military regime's ability to exert centralized control over the concessions and the sub- and transnational networks they sustain has paradoxically grown both stronger and weaker.

Greater attention to these actually existing forms of government thus offers one way to critically rethink the history of insurgency and counterinsurgency in post-colonial Burma which, although it must include ethnicity, is nonetheless not reducible to identity politics.¹⁹ Recognizing this point is particularly urgent in light of the upcoming elections scheduled for later this year. While no one expects them to be free or fair, the process will inevitably result in some changes, including unanticipated opportunities to enhance the human security of those in Burma. But for this to be a possibility, state and non-state actors genuinely concerned with the country's future need to rethink their existing policies on sanctions and engagement, as these have contributed to the very problems outlined here. Indeed, the long-standing preoccupation with "regime change" by one means or another has led us to neglect the extent to which the contradictory mix of sanctions and engagement have already changed the regime, albeit in ways few of us anticipated or desired. Clearly the time has come to move beyond either/or positions on this debate to pursue flexible, yet principled approaches that strategically address the urgent humanitarian needs of the ordinary Burmese as well as provide alternatives to the unregulated destruction of the country's ecosystems.

NOTES

1. The literature on this topic is now vast. For a foundational statement, see the United Nations Development Programme, *Human Development Report* (New York: UNDP, 1994). For past reports, see <http://hdr.undp.org/en/>.

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PART II

Burma's Politics

THE ENDURANCE OF MILITARY RULE IN BURMA: NOT WHY, BUT WHY NOT?

Mary Callahan

Over the last 20 years, the end of military rule in Burma has been demanded, anticipated, predicted, and scripted by its myriad critics at home and abroad. In the early years of the latest iteration of junta rule, the fall of dictatorships and authoritarian rule was widely considered inevitable in a global environment characterized by the disappearance of great-power support for autocracy, the crumbling of the Berlin Wall and the Warsaw Pact, the expansion of human rights regimes, and an explosion in the movement of people, ideas, information, and technology across borders. However, two decades of arms embargoes, 17 years of U.S. sanctions of one sort or another, and 14 years of formal European Union (EU) sanctions, as well as global advocacy campaigns that get Burma on the UN Security Council agenda, spawn viral videos, enlist star power from Jennifer Aniston to Nelson Mandela and Madeleine Albright, and deliver thousands of dirty underpants to Burmese embassies abroad, have not budged the *tatmadaw* (Burmese, for “armed forces”). Army leaders remain solidly in control of national political authority in the largest country of mainland Southeast Asia.

Originally called the State Law and Order Restoration Council (SLORC), the junta took direct political control on September 18, 1988, after a year of anti-government protests, the collapse of the one-party, socialist state, and a series of brutal police and military crackdowns. Army leaders grafted the military command structure onto the skeleton of the corroded state, promised market reforms in the stagnant planned

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economy, neutralized political opposition, constructed (at times, with forced labor) a more modern physical infrastructure, survived at least a half dozen purges of powerful members of the officers corps, and cracked down on several sizable popular protests. Renamed the “State Peace and Development Council” (SPDC) in 1997, the ruling junta also stage-managed a 15-year production of a constitution aimed at maintaining military influence in politics under its version of a “modern, developed, discipline–flourishing democracy.”

Against widespread predictions of its imminent fall and despite failing to achieve domestic or international legitimacy, the military government has prevailed. In this essay, I suggest we take that endurance seriously and interrogate the assumptions and inferences that led us to expect otherwise. Why would we assume that the Burmese military would capitulate in the face of external pressures? Why would anyone expect that withholding U.S. investments in Burma would concern the generals enough that they would risk the political and financial interests of their families and their military institution? And why do we think the elite-level political deadlock can be broken via some kind of Lafayette solution—something as simple as sending a UN envoy, a member of the U.S. Congress, or some Southeast Asian general who has seen the (democratic) light to advise the generals on how to run their country? How exactly would a “democratic opposition” (or probably more realistically, “democratic oppositions”) bring down this regime?

THE NARRATIVE, BRIEFLY

In this paper, I make a specific argument about ahistorical reasoning that has underestimated the capacity of *tatmadaw* leaders to withstand domestic and external pressures for wholesale democratic regime change. I criticize some of the central tenets of the dominant narrative embraced and reproduced by transnational activist networks focused on human rights and democracy promotion in Burma. Lisa Brooten characterizes this narrative as “a storybook tale of good vs. evil.”¹

This view pits Aung San Suu Kyi and her political party, the National League for Democracy (NLD), against the SLORC/SPDC and the generals’ cronies. Suu Kyi, the NLD, and a handful of other “democratic

activists” constitute “the opposition” (singular) against tyranny, although there is growing recognition that some leaders (but not others) of the ethnic nationalities also represent a force for good. In the last few years, exile politicians, media, and transnational activists have added another category to the story—the so-called “third force,” variously characterized as a group (singular) of non-NLD “democrats,” “regime apologists”² or naïve “pseudo-political Brahmins,” duped by the SPDC into believing they could take moderate positions for “national reconciliation.”³ In the highly simplified, often inaccurate global activist discourse about Burmese politics, “Burma” represents a story of unparalleled and unqualified loss, repression, and victimization. Not all advocacy groups or claims are so one-dimensional; particularly among exiles, there is a far greater variation in interpretations. For this essay, I employ this brief caricature, which surely does not do justice to the many strategic thinkers who support reform. My point is a narrow one: to challenge one specific set of assumptions that, in fact, are viewed as truth claims and at times, litmus tests. The caricature is based on campaigns produced for global public consumption, such as the U.S. Campaign for Burma’s 2008 viral video spots, which adhere to this basic story and perpetuate the intransigent, unrealistic, and unhelpful binaries of this morality play.⁴

Three brief notes on terminology: First, I will use the rather clumsy terms, “Burma problem” and “Burma” (in quotation marks) to refer to the basic narrative as characterized above. Second, because actors on all sides of the Burma debate assert they are promoters of “democracy”⁵ and “pro-democracy,” various cognates will be set off in this article with quotation marks to remind the reader of the highly valent, often slippery usage of the terms. As Roland Stromberg argues, “democracy” became the “hurrah word” of the early post-Cold War years. It remains a “cure-all” for troubled peoples and lands. In public debate, Stromberg writes, “Politicians typically mouth the word *democracy* when (as is often the case) they can think of nothing else,” thus condemning the category at times to near “nonsense.”⁶ Third, regarding the name of the country, I use the terms “Burma/Burmese” and “Myanmar” interchangeably for the country and population. I intend neither to make a political statement nor to mean any disrespect by my use of these terms.

THE PERSISTENCE OF “PENULTIMACY”

Among the strident claims of both the pro- and anti-military parties to the Burma debate is that the SPDC is on the verge of transformation. For the junta, the country is finally one election short of a successful transition to a “modern, developed, discipline-flourishing democracy.” The junta views this transition as the culmination of at least 60 (and arguably, several hundred) years of history. Exile politicians and “pro-democracy” campaign groups depict the regime as maniacally cunning, but—in seeming contradiction—also promote the idea that it is just one or two pushes short of a collapse.⁷ Penultimacy, or on-the-brinkness, appears so obvious and natural to activists and much of the media that this condition is considered more of an unproblematic “fact,” than an interpretation of data that may or may not be reliable. Policy prescriptions flow equally as naturally from the “fact” of imminent change. If the on-the-brink military is said to be “in a vise,” with domestic and global pressure closing in,⁸ it must be pushed just a little further or more cleverly into a corner, from which it will have no option other than to surrender. In the global discourse, the only acceptable outcome seems to be capitulation or “regime change” of one sort or another—implementing the 1990 elections and handing over the government to the NLD (and the unelected⁹ Suu Kyi), shelving the 2008 constitution, or releasing Suu Kyi and all political prisoners, or more likely, all three.

Transnational advocacy campaigns that assert penultimacy most commonly draw on the following “facts” about the imminence of regime change toward liberal “democracy”:

- *There is an **economic crisis** or a near-crisis that can be forestalled only so long;*
- *The ruling authorities are the object of such deep and **universal revulsion** by their population that their illegitimate rule cannot last;*
- *The military (as rulers or as an institution) is on the threshold of a **succession crisis**, riddled with factions and rank-and-file desperation, and the leaders hang on to control by only a thread;*
- *Military rule as a form of governance is an **anachronism**, a relic of a bygone (Cold War) era;*
- *The generals suffer from **xenophobia**, a pathological condition that will ultimately bring about their demise in the era of globalization; and*

- The “**international community**” should and/or can bring about elite-level political change in Myanmar.

These “facts” are rarely spelled out as specific or discrete claims (as above), but often appear so intertwined in the discourse as to be unimpeachable. But they are actually interpretations of data such as observations and reports of behavior, events, and other phenomena that involve the SPDC, those labeled “cronies” or “close to the authorities,” and the many different individuals and groups that have been identified (by themselves or others) as “opposition,” “civil society,” etc. Many of these interpretations are based on questionable sources. Yet these interpretations masquerading as “facts” are asserted in support of non-negotiable prescriptive claims, with little or no recognition of the numerous assumptions and inferences that are either theoretically unsound or have, time and again, proven empirically unsustainable.

Economic crisis. *Burma is (has been) in the throes of a massive economic crisis that has undermined or will eventually undermine the capacity of the military to govern.*

Yes and no.

Yes, there is no question that Burma’s economy is under duress, particularly as experienced by those outside the elite. National aggregate figures confirm the chronic distress experienced by the vast majority of the population in terms of health, education, and welfare. In 2006 a UN Development Program survey, carried out in consultation with the government, found that 90 percent of the population lived on less than 65 cents per day, while the average household spent three-quarters of its budget on food. One third of children under five suffered from malnutrition in a region where average child malnutrition rates are less than 15 percent.¹⁰ It estimated that close to 700,000 people each year suffer from malaria and 130,000 from tuberculosis. Child mortality figures are double the regional average: 109 per 1,000 children die before the age of five.¹¹ While government expenditures in the social sector have increased somewhat over the last few years, any potential benefits have been erased by 35–40 percent annual inflation rates. The empirical evidence shows that the economic outlook for Myanmar—and especially for those outside the small elite circle—is bleak.

Will these conditions spark political change? Some cite historical precedent. In postcolonial Burmese history, one economic crisis is associated

with the collapse of an authoritarian regime. The 1987 demonetization of the *kyat* bankrupted all but a handful of senior military and Burma Socialist Program Party (BSPP) leaders. Widespread and probably unprecedented anger, driven by their overnight impoverishment, drove tens of thousands of citizens to participate in anti-BSPP protests over the next year. By July 1988, the BSPP had collapsed, eventually replaced by the new military junta two months later. The suddenness of the bankruptcy no doubt shocked all, but it was not the economic crisis alone that led to political and social mobilization. Instead, the police and later, the armed forces brutally mishandled crowds, killing dozens of young students and producing the degree of outrage that sent so many into the streets. Moreover, the BSPP, much as the Soviet and eastern European communist parties of the same era, had gradually rotted from within after 26 years of mismanagement, corruption, nepotism, and isolation.

Are Burmese citizens now on the verge of 1987-like desperation? In the 20 or so times I have traveled to Burma over the last two decades, I have met businesspeople, farmers, traders, monks, pastors, students, parents, nongovernmental organization (NGO) personnel, and others who consistently tell me—year after year—that “the economy is so bad, it cannot get any worse.” And somehow, it does. Their observations are supported by the relatively reliable data collected by international organizations and government agencies. However, as grim as the economic outlook is for most families, there are important differences between the widespread impoverishment in 1987 and the economic and political conditions today. As opposed to the overnight destitution caused by the 1987 demonetization, the current economic decline has come at a gradual pace. Although many families are just one flood, funeral, or accident away from personal disaster, migration has emerged over the last 15 years as a new coping mechanism for more and more families nationwide.¹² In the BSPP era, passports were very difficult to obtain and both legal and illegal migration for work abroad was difficult, dangerous, infrequent, and usually temporary, if at all. Now, at least 4–6 percent of the population has migrated or seasonally migrates (legally or illegally) for jobs that allow them to remit income to struggling families at home.¹³ Improved transit options, as well as a loosening of restrictions on travel, have also produced massive movements of mostly the poor in search of work.

The decline in quality of life for most Burmese appears likely to continue. Reports by the international financial institutions note little willingness on the part of the junta to address ongoing structural weaknesses in the banking, insurance, agriculture, industry, trade, and other sectors.¹⁴ However, the SPDC is hardly the shell that the BSPP was in the mid-1980s. Instead, it has managed (but not resolved) the tension and conflict that has resulted from the accelerating impoverishment of the population by allowing migration and channeling resources, concessions, and privileges to strategic domestic and foreign allies. There is no empirical evidence to suggest it cannot continue to do so, at least for the next 10 to 15 years.

Universal revulsion. *The SPDC is so widely detested by its population that it can stay in power only by violent repression. Its illegitimacy will bring down the regime.*

Yes and no.

Citizens' experiences of the SPDC are varied and shifting, depending on local resource endowments, investment opportunities, cultural variations, officials' personalities, and the historical legacies of conflict. However, it is probably safe to say that most Burmese people do not like, understand, or identify strongly with their government on most political issues. Because the *tatmadaw* views its citizens as potential enemies, capable of undermining fragile order, national unity, and its version of economic development, coercion, violence, and arbitrary personal power, rather than law and bureaucracy, are constitutive of state-society relations.¹⁵ Mark Duffield writes that the junta deliberately creates "uncertainty of where the arbitrary power of the leadership lies and when it will appear."¹⁶ This unpredictability means that every time Myanmar citizens leave their homes (and also in them), they chance becoming the object of punitive, extractive, capricious, and indifferent punitive action (or inaction, in the case of Cyclone Nargis in 2008) by political authorities. It is not surprising that the government is so widely reviled or so carefully avoided by most Burmese in their day-to-day lives.

Popular distrust of the government may be at record levels, for at least two reasons. First, this government is more intrusive than any predecessor. The SLORC/SPDC has deployed record numbers of troops, bureaucrats, monks, teachers, members of the Union Solidarity and Development Association (USDA), and police throughout the entire country. Evidence of state intrusion includes the massive recruiting by the military to expand its 1988 establishment of 180,000 to 350,000 in the 1990s; land confiscation

either by the army or well-connected Burmese businesspeople and foreign investors; the initiation of large, flashy infrastructure construction projects such as hydroelectric dams, gas pipelines, microwave stations, and universities that sometimes rely on involuntary local labor and taxation, and/or involve the forced relocation of villages or neighborhoods; and increased kinds and amounts of business “license” fees and levies on all civilians, most of which are payable to military, USDA, police, and line ministry offices.¹⁷ For ordinary citizens, all these state-building activities have raised the likelihood of falling prey to a predatory state.

Second, there is now widespread access to information about domestic and international political affairs, despite government censorship. Whereas before 1988, locals might have gathered once daily to listen to a BBC radio Burmese-language broadcast on the village shortwave radio, they now gather to watch 24-hour television coverage on Norway’s Democratic Voice of Burma (DVB) (assuming they have access to electricity).¹⁸ The massive expansion of human rights documentation after 1988 provide daily reports of state abuses to these broadcasters.¹⁹ City dwellers have access to dozens of newspapers, journals, and magazines, none of which explicitly criticize the SPDC, but many of which highlight its failures. For example, one magazine ran an article about the rising costs of generators in a historical perspective, pointing to the abject failure of the government to sustain even 1950s-levels of electricity. Most urban areas are dotted with packed internet cafes, complete with savvy attendants who connect to exile news agencies via the proxy-server-of-the-day. All this media provides evidence of government wrongdoing that surpass that directly experienced by an individual or a community.

Anger and revulsion, however, are not sufficient conditions to bring about regime change. For many of those who live inside Burma, the internet, BBC, VOA, and DVB reporting validates what they experience, and reassures them that someone is watching “big brother.” However, over the last few years (especially since the crackdown on the 2007 protests), hopes for a revulsion-driven revolution from the streets have waned. Most citizens live their day-to-day lives by creatively adapting to the political environment, however arbitrarily and often non-sensically it unfolds. Kyaw Yin Hlaing’s surveys of businesspeople, students, and others have found little willingness to join political activities, given the risks of prison sentences and to their families.²⁰

Succession crisis. *The senior generals, who are in their 70s, face military factionalism that eventually will erupt in an intra-elite struggle for control, whether it comes before or after their retirement or displacement.*

Yes, succession is at hand in the top military ranks, and yes, there are factions, but no, there is no convincing evidence that factionalism will split the *tatmadaw* in any politically significant way.

It is certainly the case that there are frustrated officers in the *tatmadaw*. The top cadre of army leaders today has endured longer than any other, with the exception of general Ne Win himself. At least a decade has gone by, in which slightly less senior officers have been denied the promotions, greater status, and expanded income opportunities they expected because the elder officers did not retire. Thousands of officers were “aged out” a few years ago, when military leaders enforced maximum age limits for officer ranks. Than Shwe has presided over several major purges, including that of military intelligence—the branch many considered likely to produce the next generation of army leaders. The expansion of the armed forces from 180,000 to over 350,000 20 years ago led to a parallel expansion of the officer corps and to rapid promotions for some officers, but they have slowed down as of late and there are fewer perquisites available as they ascend the ranks. A plethora of new military higher education campuses now has the capacity to produce 3,000 new officers each year, with the potential to cause further bloat in the officer corps and greater competition for promotions and status.²¹ In the implementation of the 2008 constitution, what exactly happens to powerful military positions (such as regional commanders) and to the promotions of officers designated to serve in the many legislatures is, as yet, unknown. It is possible that both senior general Than Shwe and the successor three- and four-star generals have cause for concern, as would leaders of any organization undergoing change. But so far, they have managed dissent and edginess in the ranks quite effectively. In fact, the last major purge in 2004 not only brought down the military intelligence apparatus without any known resistance (unthinkable in most countries), but also created a windfall of economic opportunities for the junta, when the jailing of some 300 military intelligence officers allowed for the seizure of their assets.

Some diplomats and academics argue that this next generation of army leaders will hastily distance itself from the Than Shwe group and has the potential to be more liberal- and reform-minded. As some army defectors

have suggested, there probably is a contingent of the *tatmadaw* that has not been fully convinced by junta propaganda that is ashamed of military behavior over the last two decades, that is embarrassed by the international denunciations, and that identifies with the suffering population. However, as reasonable and patriotic as those officers or soldiers may appear, they are unlikely to take a stand and risk their careers to promote either western-style civil, legal, and political rights or the political agendas of Aung San Suu Kyi and “democrats” in exile. Simply *the appearance* of promoting “reconciliation” of any kind over the last 20 years has not only ended careers, but resulted in jail time. The precedent is clear: so-called “softliners” who sought western interaction and engagement were kicked out en masse in 1997 and 2004. Proud majors and lieutenant colonels, no matter how open-minded they might be, are unlikely to appreciate the difference between denunciations of government leaders and derision toward their nation. Although Aung San Suu Kyi has not criticized the *tatmadaw* directly, as her supporters argue, all of her backers have. After 20 years, most soldiers and officers will not split these kinds of hairs. The continued construction of the “Burma problem” as the tale of good versus evil gives them little incentive or traction to do so.

Nonetheless, small, self-defined networks and factions exist in the *tatmadaw*, as they have since the military was first constituted in 1948. They organize around military academy and officers’ training schools’ classes, cronies, sectoral interests, staff or intelligence officers, operational field commanders, regional commanders, cabinet ministers, or adherents to particular ideas or policies (such as market reform), etc. However, factions have never resulted in a split that destabilized the *tatmadaw*. Those who have lost factional struggles have been sent out of country as attachés, retired or jailed.²² History is on the SPDC’s side: the *tatmadaw* has a 60-year record of staying unified, unlike the armed forces in nearby Thailand, the Philippines, or Indonesia. Other than a near catastrophic split in 1948–49, divergence along political or other factional lines has not threatened the unity of the military.

Anachronism, a relic of a bygone era. *Military regimes belong in the dustbin of history with the other relics of the Cold War. Western-style, majoritarian, liberal democracy is inevitable. Modern militaries go back to their barracks; elected civilians control the military; and “right” trumps “might” in any modern society.*

No.

The inevitability-of-democracy thesis has proven theoretically unsound, given that generalizations of this sort dehistoricize and depoliticize

particular processes that are contingent, ongoing, and still (forever) in flux. Empirically, “democracy” has proven neither inevitable nor durable in the post-Cold War world, where the last 20 years have seen a wide range of nominally “democratic” nations (e.g., Bosnia and Pakistan) devolve into civil wars and military-dominated facades of electoralism. Unfolding just east of Burma is an ongoing case of illiberal, unsustainable “democratization” process gone very wrong. Considered by many political scientists to have been locked up in its barracks and marginalized from politics at least 10 or 15 years ago, the Thai military has shown repeatedly since 2006 that it continues to be a ruthless, unaccountable, and largely invulnerable player in national politics. It remains an empirical question as to whether the continued presence of armed forces, one of the most political arms of any government, in national affairs is the rule, or the exception, or anachronism. The SPDC’s highly anachronistic, Maoist propaganda does not render the regime vulnerable to anything more than puzzlement or mockery in the contemporary era.

Yet, teleological claims of democratic inevitability are rarely questioned in the global debate on Burmese political reform. “Regime change” may have lost its luster inside the Beltway since president George W. Bush declared the mission “accomplished” in Iraq in 2003, but even the most outspoken critics of the neoconservative, “tsunami-of-democracy” rationale for that invasion set their critical lenses aside when it comes to Burma. It is as if Fukuyama’s 1989 “end of history” remains gospel, at least vis-à-vis Burma.

Xenophobes. *The generals’ sense of siege, of threat from all things foreign, is at best, unreasonable and pathological, at worst, racist.*

No, not unreasonable.

The *tatmadaw*’s “intense nationalism,” as Andrew Selth calls it, is often equated with xenophobia, or an irrational fear of, or contempt for that which is foreign. The junta incessantly decries foreign interference, claiming, for example, in one press conference that “Some Western Powers Have Been Aiding And Abetting Terrorism Committed By Certain Organizations Operating Under The Guise Of Democracy And Human Rights By Giving Them Assistance In Both Cash And Kind.”²³ Foreign (read: western) saboteurs and their collaborators, also known as “treasonous minions” or “axe handles,”²⁴ are blamed for any and all political dissent, the 1988 crisis, the 2007 protests, the many political and ethnic insurgencies since 1948, and

the continuation of the civil wars in eastern Myanmar. In school textbooks, local and national museums, and government media, there are frequent, if not daily, reminders of the divisive consequences of British colonialization as well as ongoing “neo-imperialism” targeting Burma.

The military junta reserves its most racist propaganda to declare Aung San Suu Kyi guilty of not only embracing neo-colonial overtures and the adulation of the Nobel committee and the western world, but also committing a kind of race betrayal. SLORC/SPDC has repeatedly attacked her producing two “impure” sons by mixing her “pure” Myanmar blood with that of her late British husband. As Kyi May Kaung suggests, the terminology smacks of “vulgar” bigotry, particularly when reported in English.²⁵ Dating back at least to World War II, public behavior and speeches by Burmese military and civilian political leaders have been laced with references to blood myths to mobilize support for nationalist agendas and against foreign interference. However, it must be noted that Burmese/Myanmar language speakers, whether in the regime or opposition, are somewhat hamstrung by linguistic categories. There is only one concept (“lu-myo”) that covers “race” and “ethnic group.” In Burmese, there is no other category, denuded of unproblematized hierarchies of civilizations, bloodlines, or races.

Linguistics aside, what about the regime’s heightened concerns about foreign interference? Should they be dismissed as pathologically delusional? Or, as Selth recently suggested, do the paranoid really have things to worry about? In fact, they do, and their concerns are real and current. Selth points out that three foreign invasions “have occurred within living memory.” Additionally, at least five foreign governments (the U.S., PRC, Thailand, India, and the UK) have financed, trained, collaborated with, or otherwise supported anti-state groups since independence in 1948. In the 1988 uprising, the BBC shortwave radio broadcasts were critical mobilizing assets for protest organizers. VOA, RFA, and Norway’s Democratic Voice of Burma (radio and television) all continue to transmit Burmese-language programming, with most of it carrying messages from powerful nations that call for the end of the regime.

Close to home, Thailand allows at least two of the remaining armed rebel groups to operate with impunity inside the Thai border. High-profile “humanitarian” aid groups regularly cross illegally into Burma from Thailand; some travel with mercenaries or armed anti-state soldiers to deliver cash, medicine, and other assistance to internally displaced

persons in territory where the *tatmadaw* has launched offensives against armed anti-state groups. Additionally, Thailand hosts the militaries of the United States, Japan, Singapore, and Indonesia every year for “Cobra Gold,” the largest U.S. war games held in Asia. When Cyclone Nargis hit the Irrawaddy delta in 2008, the USS Essex carrier group was dispatched there for Cobra Gold. U.S. offers to deliver aid via the Essex, in all likelihood, represented a potential U.S. invasion to Burmese military leaders, who must be aware that U.S. presidents have annually declared the SLORC/SPDC to constitute “an unusual and extraordinary threat to the national security and foreign policy of the United States.”²⁶

In fact, the regime has grounds for many of its charges of past U.S. interference in domestic politics. Among them:

- *The New Yorker* credited the American Center in Yangon with fomenting the 2007 Saffron Revolution;²⁷
- Anti-SLORC/SPDC activists and armed or “insurgent” groups have received support by U.S. military retirees, particularly those with special forces backgrounds;²⁸
- The CIA
 - financed and propped up the Kuomintang in Shan State during the 1950s, against Burma’s appeals to the United Nations for the occupation to be ended;
 - encouraged opium growth in Shan State and facilitated heroin trafficking; and
 - supported former prime minister U Nu’s ill-fated, armed uprising in 1970–71.²⁹

In short, the regime has reason to distrust foreign influence, even if its sloganeering is clumsy, obsolete, and offensive. The most extreme anti-western generals (those who sound xenophobic) have undoubtedly miscalculated in their strategies regarding foreign support, investment, and recriminations, but thus far, there is little evidence that this kind of poor judgment has brought military political dominance to the brink of its demise.

International Community. *The “international community” exists, and it should or will promote democracy in Burma, and accelerate the demise of the military junta. Populist pressure on nation-states and on international institutions is necessary for an “international community” solution.*

Perhaps the most prevalent underlying assumptions of “pro-democracy” forces is that something called “the international community” exists, that the generals do not understand its power, and that it holds the key to regime change or political reform in Burma. After the 1990s, which saw the promulgation of legal sanctions, successful tourism, and aid boycotts against Myanmar, most of the strategic campaigning in the name of “democracy” has focused on pressuring international institutions or regime “friends” either to condemn and isolate the SLORC/SPDC or to induce leaders to hand over power to the NLD. These strategies have viewed international institutions and individual nation-states as potentially willing and able to promote reform in line with western, liberal versions of “democracy.” However, the experience of the last 20 years demonstrates that no singularity of purpose or interest exists among the many nation-states that interact with Myanmar, which has allowed the SLORC/SPDC to exploit differences in principle and interest among neighbors and global powers to its own ends. Moreover, even if the regime’s closest trading partner allies, including China, Thailand (especially its military leaders), Singapore, and India, were willing to promote a reformist agenda in formal or informal interactions with military leaders, there is no evidence that any of them have any significant cards to play. No one knows exactly how policy is made in Burma, but given the purges of the more internationalist (including both pro-China and pro-West) officers in 1997 and 2004, it is unlikely that the generals proceed according to advice or threats from foreign experts or officials.

Among international institutions and UN offices, bodies and agencies are the most frequent targets of activist campaigns. The UN General Assembly and the UN Human Rights Council have passed some three dozen resolutions condemning the junta for human rights abuses. But those resolutions have had no consequences for the SPDC, other than reputational.³⁰ In January 2007, the United States drafted a UN Security Council resolution calling on the SPDC to release Suu Kyi and other political prisoners, and initiate a democratic transition. As expected, China and Russia vetoed it. “Pro-democracy” campaigns have been more successful at limiting the mandates of and funding for UN agencies operating inside Burma, to a degree that is unmatched anywhere else in the world except—perhaps—North Korea. Activists have also tried to shame the Association of Southeast Asian Nations (ASEAN), a consultative body with no enforcement capacity

and limited resources, into taking responsibility for bringing about regime change. ASEAN has had little influence on macropolitics in Myanmar, except perhaps in the weeks just after Cyclone Nargis in May 2008, when the association helped broker arrangements to allow international assistance to enter the country. Pressure groups as well as Aung San Suu Kyi have also charged other international organizations, such as NGOs that carry out emergency medical care, humanitarian relief, or development assistance inside Burma for propping up the government.

If nation-states and international organizations are the concrete manifestations of “the international community,” the latter is unlikely to do more than issue inchoate proclamations that may include reporting obligations, but stop short of committing to enforcement. Ruth Wedgewood writes that the concept of “‘international community’ is a dangerous reference point for the naïve.” The 42-month Serb bombardment of Sarajevo, which resulted in 200,000 civilian deaths, was met by the “international community” with nothing more than formal denunciations and some food aid. Wedgewood argues that the concept’s connotation of sociability and commitment invites unwise reliance by those who must ultimately fend for themselves. Its diffusion of responsibility excuses countries that have no intention of lending a hand. The concept amounts to a moral hazard, inspiring imprudent behavior by leaders who expect that someone else will pull their fat out of the fire.

Treaties and international law have no teeth unless states back up their words and proclamations with actions to enforce them.³¹ No such development has been forthcoming in regard to Burma in the last 22 years, although it is possible that the SPDC’s flirtation with nuclear fissile materials may eventually lead to more coercive foreign pressure. In the meantime, until we have evidence, we should not assume that the SPDC feels an overwhelming sense of “fear” about the threat of additional anti-junta saber-rattling.

Questioning assumptions about the “international community” and its putative role in a political solution means that we should treat long presumed foregone conclusions as empirical questions. Why should we assume the top agenda item for senior military leaders is courting international acceptance, negotiating with Aung San Suu Kyi, or even recognizing the relevance of “the opposition” that is lionized by campaign groups and western governments? How about the occasionally positive steps taken

by the military, for example, cooperation with the International Labor Organization or the Three Diseases Fund? They are typically held up as evidence of capitulation to the morally-driven global campaigns, without any consideration of alternative explanations. Is it not possible that some influential member of the regime grasped the (personal or public) advantages of cooperation and chose to take the risk of advocating a U-turn in policy? (I do not know the answer, but it remains an empirical question, not an unsupported inference.)

If the “international community...does not exist in any recognizable form,” as Arjun Appadurai wrote in 2002, perhaps he is correct in equating it with a moral idea of “common humanity,” “empathy at a distance,” solidarity with the suffering, and non-engagement with “evil” dictators. For the last 22 years, hundreds, perhaps thousands, of campaign groups around the world have coalesced around one particular set of moral principles that prioritize civil, legal, and political rights. These campaigns have succeeded in documenting abuses of these rights (more or less accurately), naming the abusers when possible, and keeping “Burma”—at least in terms of the deadlock between Suu Kyi and the regime—on the agendas of celebrities, international institutions, and foreign parliaments.

Given Burma’s isolation from 1962–1988 and its relative irrelevance in economic and strategic circles in the West, it was against great odds that advocacy networks would succeed in promoting Aung San Suu Kyi for the 1991 Nobel Peace Prize, sustain continuous funding and followings for global awareness, define the “Burma problem” so decisively if narrowly, and “brand” Burma’s future with the face of Suu Kyi. In terms of media coverage, dollars spent on promoting “democracy” or numbers of anti-SLORC/SPDC parliamentary or multilateral declarations, one could argue convincingly for the existence of an Appadurai-like moral “international community” dedicated to political reform (of one sort or another) in Burma. Its success may be evident in the way its simple slogan, “Free Burma,” now rivals “Free Tibet,” as the clarion call of both liberal and conservative supporters of human rights, at least in the West. The Tibetan Freedom Concerts of 1996–2001 are upstaged now by the likes of U2, which distributes pictures of Aung San Suu Kyi’s face on popsicle sticks for concert-goers to dance with. A more plausible measure, however imperfect, of the prominence of Burma campaigns is the number of Google hits for anti-junta petitions in cyberspace. The following table shows the

results of googling the word, “petition,” and the name of one of the many countries in which gross human rights violations or other humanitarian concerns have been documented.³² While the “Google” measure cannot tell us how many of those hits duplicate each other, it can give a rough and relative appraisal of the extent of English-language references to advocacy petitions to be signed in the cause of whatever major issues are highlighted on Burma.

Table 1: Number of Google Hits When Entering the Word “Petition” and a Country Name

“Petition” + [country name]	No. Results Google
Burma	8,930,000
Tibet	5,500,000
China	3,850,000
Kosovo	3,540,000
India	3,300,000
Israel	2,630,000
Iraq	2,140,000
Iran	1,800,000
Afghanistan	1,700,000
Palestine	1,150,000
Cuba	1,130,000
Philippines	1,280,000
Haiti	1,110,000
Chechnya	884,000
Thailand	814,000
Rwanda	561,000
Sri Lanka	513,000
Sudan	493,000
N. Ireland	477,000
Burundi	466,000
Kyrgyzstan	464,000
Congo	462,000
North Korea	449,000
Zimbabwe	427,000

This moral community of student activists, the many diasporas from Burma, celebrities, Nobel laureates, professional advocates, and western politicians has the capacity to name, blame, and shame the generals. However, lacking any enforcers, this moral version of the “international community” cannot end the junta. Indeed, campaign groups offer residents inside Burma little more than information (not always reliable) and solidarity (boycotts of Pepsi and Triumph bras, for example). They also cast unmistakable and often inaccurate aspersions on those activists trying to carry out reform from inside the country. Moreover, some of the major organizations that comprise this moral community are ones in which the means, advocacy, media coverage, public education, celebrity fundraising, and grant-writing—are very much in danger of having become the end, some 22 years after the 1988 crackdown. As in other protracted exile situations, activities get mistaken for achievements.

CONCLUSION: BEYOND PENULTIMACY, TOWARD ALTERNATIVE THEORIES OF CHANGE

Although it is always possible that unforeseen events could dramatically recast the distribution of power inside Burma, the current military leadership is probably not one push short of capitulation to “pro-democracy” demands. The SPDC appears to have learned to manage the conflicts resulting from myriad pressures inside the country and from abroad.³³ In this context, how would a “democratic opposition” (or more appropriately, “democratic oppositions”) bring about liberal political reform that advances the rights, protections, and interests of ordinary citizens and limits the arbitrary power of government? Short of an improbable capitulation to Aung San Suu Kyi and the NLD, I suggest five possibilities:

1. a foreign military intervention to carry out “democratic” regime change (very remote likelihood);
2. a popular revolution to unseat military leaders (thus far, tragically unsuccessful);
3. a split in military leadership that results in the ascent of a set of young (or perhaps older), charismatic, and broad-minded Turks (unlikely);

4. a “pacted transition” in which moderate leaders of social forces cooperate with less hard-line military officers to make enough changes to satisfy some of the political demands of anti-government forces while limiting civilian incursions on military power (difficult to identify potential leaders or groups on both sides, at least for now, at the national or macropolitical level); or
5. a series of initiatives carried out inside Burma to gradually expand the space, legal and political protections, and opportunities for the poor, uneducated, unhealthy, malnourished, and disenfranchised citizenry.

The first four possibilities, unlikely as they are in light of the historical record, hold out the promise of prompt remedies to Burma’s “democratic deficit,” assuming that the activist narrative is correct in identifying the military and its leaders as the “root cause” of Burma’s many difficulties.

The fifth takes a longer view, one that rarely is embraced outside of Burma but that is more commonly heard inside. Many non-NLD activists inside the country are promoting and indeed, achieving meaningful political, cultural, and economic reform that, as Duffield argues, successfully “push back the boundaries of arbitrary power and uncontrolled force that have long been the root cause of Burma’s and now Myanmar’s chronic emergency.”³⁴ They have founded thousands of local NGOs or community-based organizations (CBOs), sought out contacts with regime officials, and tried to educate them on global and humanitarian issues, and carried out transparent and, in many instances, effective humanitarian and development assistance, usually on miniscule funding. In 2008, I interviewed more than 50 representatives of Burmese NGOs and CBOs. “Democracy” and civil rights clearly mattered to them, as did access to education, medicine for AIDS and tuberculosis, and credit for poor farmers. I found that all but two of the three dozen organizations they represented self-consciously embraced rights-based methods in their work in community development, education, health, and livelihoods. There are varying degrees of interaction, cooperation, and competition among these activists, and they represent a plurality of views. They constitute nothing like a unified “opposition,” but do view themselves as promoting empowerment, advocacy, and democracy. Some, who self-consciously identify themselves as “democrats,” (but notably not members of the NLD) are also positioning themselves to take part in the 2010 elections.

For them, there is no singular “Burma problem,” no singular “root cause” of suffering, and no illusions about a magic bullet of “regime change.” Some of those I interviewed have been denounced repeatedly by exile politicians and media as well as other campaign groups. Much of the reporting on “inside activists” suggests they seek to become the new, legitimate “opposition” (singular) and intend to usurp the “democratic” banner from the NLD. According to U.S.-based writer, Min Zin, for example, inside activists are “third force” wannabes who threaten to “confuse the moral clarity of people’s struggle against dictatorship.”³⁵ In general, the “pro-democracy” advocacy position is one that views “civil society” as minimally effective at promoting the kind of reform they demand. “That kind of work will never change anything,” one prominent U.S.-based activist told me recently. Stories carried by exile media have suggested that pro-junta diplomats overstate the capacity, popularity, and sincerity of these individuals. Other critics go as far as to suggest these “inside” activists are puppets or agents of the regime. When criticized, “inside” reformists find themselves in a bind. They have no credible platform from which to respond, given state control of the media. Additionally, entering into this debate puts them at risk of greater surveillance by the military. The result is that “inside” activists who are not in the NLD or otherwise christened “authentic” by external activist campaigns end up the object of attack by both the “opposition” and its nemesis, the junta.

The fifth view is probably more realistic, given the absence of compelling evidence that the SPDC and the government that succeeds it under the 2008 constitution are on the precipice of transformation. Although many residents of Burma would prefer to see a speedy transition and also doubt that the 2010 elections hold out much hope, they have little choice but to accept a theory that change inside is gradual. It is hard to underestimate the fluidity and complexity of the mosaics of power in Burma today. They vary from one region to another and sometimes, from one month to another. To the degree ordinary citizens can, most are always reassessing the boundaries of the possible, the dangerous, and the probable to derive a sense of the de facto rules of the political game. Everything depends on calculating correctly so that they can accommodate the explicit and implicit mandates of the local, sub-national, and national authorities while still taking care of their own needs and those of their families. Where possible, most try to stay off the radar screen of the state. Their strategies for survival and for giving life meaning evolve gradually as the rules change.

NOTES

1. Lisa Brooten, "Human Rights Discourse and the Development of Democracy in a Multi-ethnic State," *Asian Journal of Communication* 14 (2) (September 2004): 174–191, 183.

2. Thakin Chan Tun, described as a "veteran politician," in Wai Moe, "The 'Third Force' in Burmese Politics," *The Irrawaddy*, April 30, 2008.

3. Arthur Sim, "The Consequences of Elitism," *The Irrawaddy*, March 30, 2009.

4. This version of "Burma" has been commodified as well, not just among NGOs and advocacy groups but even by the Chrysler Corporation, available from <http://www.autoblog.com/2009/12/04/video-chrysler-ad-gets-political-advocates-for-release-of-myan/#continued>.

5. The cognates of "campaign," "advocacy," and "activism" are also slippery concepts, but I use these terms to refer to groups that self-identify as promoters of solidarity with the population living under military rule inside Burma. Websites of groups such as the U.S. Campaign for Burma, the Burma Project, and Free Burma routinely use these terms. I also apologize for the less-than-systematic usage of terms like "junta," "government," "state," and "regime."

6. Roland M. Stromberg, *Democracy: A Short, Analytical History* (Armonk, NY: M. E. Sharpe, 1996), 4–5.

7. Elsewhere, I have argued against overestimation of state authority throughout the country. My view is that one of the necessary conditions for the endurance of this iteration of military rule has been, in part, a result of the particular history of the Burmese military itself, but also, in part, the result of the fragmentation of social forces along the lines of personal or ideological factions that have fractured "opposition" organizations, and the ethnic majority Burmans' lack of understanding of and tolerance for the aspirations of organized ethnic nationalities. No doubt, some of these divisions are supported by the machinations of the SPDC, but it is also important to understand that non-state and anti-SPDC groups have often taken each other or themselves out of the game.

8. Simon Montlake, "Burma's Junta in a Vise," *Christian Science Monitor*, November 1, 2009.

9. Aung San Suu Kyi was under house arrest at the time of the 1990 election and was not elected to any seat in parliament.

10. UNDP Myanmar and the Government of the Union of Myanmar Ministry of National Planning and Economic Development, *Integrated Household Living Conditions Survey in Myanmar: Vulnerability-Related Information* (Yangon: UNDP Myanmar and the Government of the Union of Myanmar, March 2006).

11. Statement of the UN Country Team in Myanmar on the Occasion of UN Day, Yangon, October 24, 2007.

12. In NGO-language, migration may be considered a "coping method," but it is often fraught with risk, hardship, and misfortune.

13. There is no systematic demographic data on migration.

14. International Monetary Fund Myanmar, *Staff Report for the 2007 Article IV Consultation*, SM/07/347 (Washington, DC: International Monetary Fund, November 2007), 5.

15. The disdain and the ready deployment of coercion are not new or unique to SLORC/SPDC. In 1958, the Burmese army's Directorate of Education and Psychological Warfare wrote that the Burmese people were ruled by "the grip of their instincts alone, which generally are not of too high standards..." For more information, see Myanmar Ministry of Defence, "Some Reflections on Our Constitution" (research paper, Myanmar Armed Forces Defence Services Historical Museum and Research Institute, Yangon, 1958).

16. Mark Duffield, "On the Edge of 'No Man's Land': Chronic Emergency in Myanmar" (working paper, Centre for Governance and International Affairs, University of Bristol, 2008), 8, available from <http://www.bristol.ac.uk/politics/workingpapers/01-08mdpapper.pdf>.

17. According to one ethnic minority opposition group, these taxes include "porter fees, gate fees, military fund contributions, sports fees, road and bridges fees, fire sentry fees, labor contribution fees, and levies on farms, farm water, and crops." For more information, see Karenni Development Research Group, *Damned by Burma's Generals: The Karenni Experience with Hydropower Development From Lawpita to the Salween* (Karenni Development Research Group, March 2006), 41.

18. In an inexplicable development, satellite TV subscribers have not had to pay subscription fees over the last two years. Very high fees for access to international television programming exist on paper, but have not been collected or enforced in recent years. Thus, the anti-government station, DVB, has a devoted following.

19. Brooten provides a critical history of this development. See Brooten, "Human Rights Discourse," 174–191 and Sandra Dudley, *'External' Aspects of Self-Determination Movements in Burma*, QEH Working Paper Series – QEHWPS94, Working Paper 94 (working paper, The Oxford Department of International Development, University of Oxford, 2003), available from <http://www3.qeh.ox.ac.uk/pdf/qehwp/qehwps94.pdf>.

20. Yin Hlaing Kyaw, "The Politics of State-Society Relations in Myanmar," *South East Asia Research* (London: IP Publishing, August 2007).

21. Maung Aung Myoe, *Building the Tatmadaw: Myanmar Armed Forces since 1948* (Singapore: Institute of Southeast Asian Studies, 2009).

22. For a detailed analysis of the factional struggle that Khin Nyunt lost, see Kyaw Yin Hlaing, "Power and Factional Struggles in Post-independence Burmese Governments," *Journal of Southeast Asian Studies* 39 (1) (February 2008): 149–177. Aung Zaw, editor of *The Irrawaddy*, regularly reports on factional struggles. For more information, see Aung Zaw, "The Emperor Looks to the Future," *The Irrawaddy Magazine* (June 2010): 22–23.

23. This is the title of a press conference given by then-lieutenant-general, Khin Nyunt, on June 27, 1997. Available from <http://www.myanmargeneva.org/pressrelease/p1997.htm>.

24. This much-used metaphor likens a member of the nation who serves as a tool for its handler to use to destroy that nation to a piece of wood that serves as the handle of an axe that chops down the tree.

25. See the criticism of the regime's racism in Kyi May Kaung, "Burma's Struggle: Aung San Suu Kyi's Role," August 8, 2006, available from http://www.opendemocracy.net/democracy-protest/rangoon_3805.jsp.

26. For the latest U.S. presidential extension of sanctions, see http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=1997_register&docid=fr22my97-169.pdf.

27. George Packer, "Drowning: Can the Burmese Save Themselves?" *The New Yorker*, August 25, 2008.

28. Many sources confirm this, including most recently, Robert Kaplan, "Lifting the Bamboo Curtain," *The Atlantic*, September 2008.

29. Alfred McCoy, *The Politics of Heroin, CIA Complicity in the Global Drug Trade* (New York: Harper & Row, 1972).

30. Campaigners also have successfully lobbied for statements of solidarity from other multilateral organizations, such as the European Union and the G8.

31. In recent years, advocacy groups have focused on using international law to pursue justice rather than political reform. See for example, Tyler Giannini and et al. *Crimes in Burma* (Cambridge: The International Human Rights Clinic, Harvard University Law School, 2009); available from <http://www.law.harvard.edu/programs/hrp/documents/Crimes-in-Burma.pdf>.

32. Carried out on July 24, 2010 from Seattle, Washington.

33. Whether the senior generals fully understand the nature of the economic, diplomatic, and domestic problems they face is an open question. As long as their strategy is conflict *management*, not *resolution*, it probably does not matter whether they do or not.

34. Duffield, "On the Edge," 13.

35. Min Zin considers the "third force" to exist and potentially to become "an ill-conceived attempt to undermine the role of committed activists from the NLD, the Shan National League for Democracy, the 88 Generation Students and the monks." See Min Zin, "Burma's Road to 3G Democracy," *The Irrawaddy*, July 14, 2010.

OPPOSITION MOVEMENTS IN BURMA: THE QUESTION OF RELEVANCY

Min Zin

INTRODUCTION

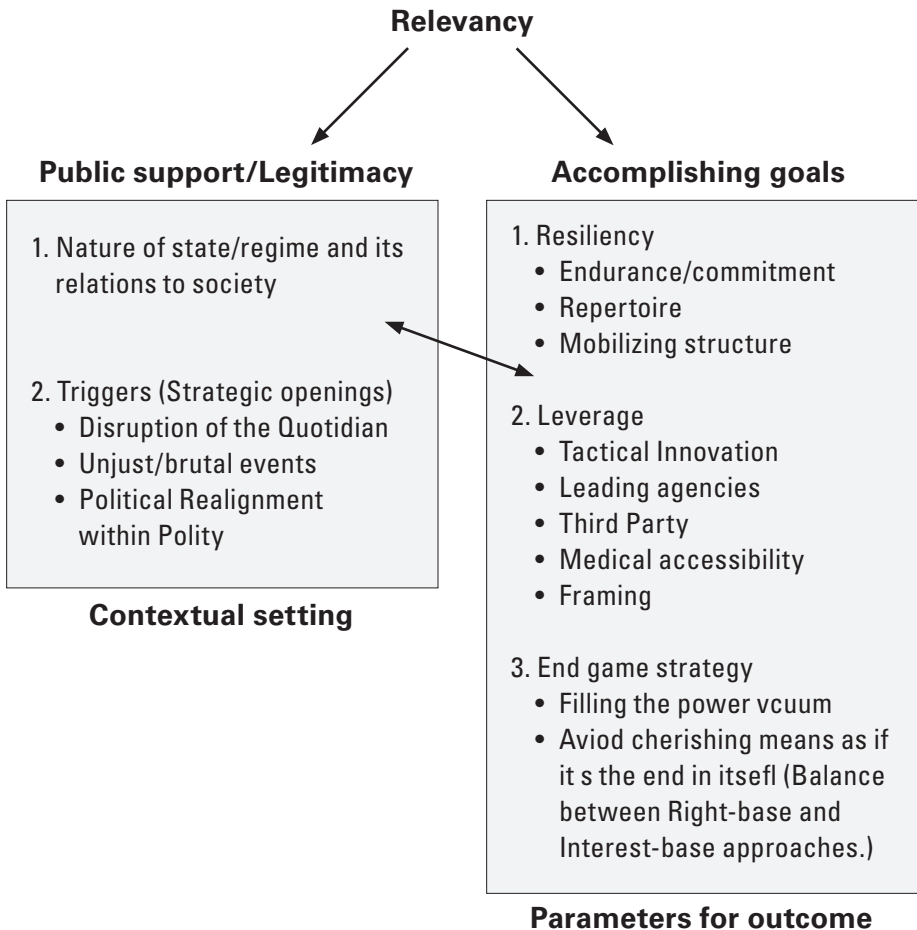
Since Burma's independence from British rule in 1948, the Burmese polity has been fraught with contentious politics ranging from armed insurgencies to non-violent movements against the state. The history of Burma's opposition movements, originating from the colonial period, can be understood as five different forms of struggle—legal political means, armed insurrections, underground (clandestine) activities, above-ground engagements (through civil society groups and the domestic media), and international advocacy (through lobbying, grassroots campaigns, and the foreign media including Burmese language broadcasts).

This paper will examine how opposition movements since 1988 have played out until now and how they will remain relevant after the 2010 elections. Generally, relevancy is defined as a means to increase the likelihood of accomplishing the professed goal,¹ treating the goal more in terms of consequence (the actual outcome as opposed to the morality of intention). Public support or legitimacy plays a key role in determining relevancy. However, in the context of opposition movements in Burma, we must consider their moral ground. This paper will probe the question of relevancy for Burmese opposition movements from two perspectives—legitimacy and outcome.

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Legitimacy is closely associated with the prevailing political environment because it allows opposition movements to rally public support for their causes. This paper will examine opposition movements in three contextual settings—in the conceptualization of the Burmese state, in the state’s relation to society, and in the state’s responses to opposition movements. The conceptualization of state–society relations is a macro-framework attempting to explain the grievances of society and public support for opposition movements. Later, I will argue for the need to

Table 1: Frame of Analysis



distinguish between the “political opportunities structure” theory of social movements and strategic openings (or “triggers”). The nature of the state and triggering factors as parts of the contextual setting along with the commitment, courage, and sacrifice of opposition groups allow opposition movements to remain relevant in terms of public support and legitimacy.

The paper will also explore the parameters for outcomes that would allow opposition movements greater likelihood of accomplishing their goals. Within the parameters, I will examine three factors—resilience, leverage,² and endgame strategy³ to explain the relevancy of opposition movements in terms of outcome. Resilience is not just about the psychological factors of endurance and commitment, but more about the strength of the movement’s repertoire and mobilizing structure. Leverage consists of tactics, leading agencies, the role of the third party, media accessibility, and the framing of issues. Thus, resilience and leverage contribute to a recasting of the political context. For the movement’s endgame strategy, this paper will examine the need for filling the power vacuum that usually emerges at the center of popular upheavals and for avoiding the conflation between means and ends in contentious politics. I will argue for the need to balance (human) rights-based approaches (also known as “principle-based” approaches) with interest-based approaches to end the conflicts. By pulling all these factors together, this paper will develop a framework of analysis to explain the relevancy of opposition movements.

HISTORICAL CONTEXT

Since the start of Burma’s independence struggle from British colonial rule in the 1920s, university student leaders had played a major role in Burmese politics, some of whom include Burma’s independence heroes like Aung San, the national martyr and father of Aung San Suu Kyi. Buddhist monks who were inspired by Gandhi’s non-violent strategy accelerated the momentum of the struggle that was further supported by civil society associations, political parties, and the independent media.

But the opposition movements also showed a strong tendency toward radical nationalism and violent armed struggle. Communists who did not believe in negotiating for independence with the government launched an

armed rebellion in March 1948 which led to civil war, motivating some ethnic groups to take up arms. In 1949, when the Burmese government rejected the Karen people's demand for territory, the latter started an armed insurrection. Weapons collected from the Second World War fueled the armed resistance. So even though insurgencies in central Burma died down in the 1970s, armed struggles have become the order of the day in areas with high concentrations of ethnic minorities.

At the same time, the experience of mass mobilization that Burma had acquired under the British and Japanese occupations enriched the Burmese with a unique sense of political resistance. The acronym "UG" (underground) refers to activists who engage in clandestine political activities to oppose or aim to remove the existing power structure. UG activists were trying to find ways to combine an organized mass movement with armed struggle to overthrow the government. Since the 1990s, however, the concept and practice of UG have focused more on using non-violence.⁴ Today, the "UG" still inspires awe and respect among the Burmese.⁵

When the military junta seized power in 1962, it clamped down on all political parties and civil society. Under one-party rule, the country had no legal platform for other political parties. Some parties were thus co-opted by the military-backed party while many others either engaged in UG-style politics or joined the armed struggle of the Communist party. During the 26 years of military-led socialist rule, students together with Buddhist monks, workers, and city dwellers often took part in street protests. Despite ruthless crackdowns, the frequent protests organized by UG student activists eventually led to a nation-wide public uprising on August 8, 1988 (known as "8888" or the "Four Eight Movement") against socialist rule. The clandestine student union came above ground and its chairman Min Ko Naing (whose name in Burmese means the "conqueror of kings") played a major role in initiating the Four Eight Movement that eventually brought Aung San Suu Kyi into the spotlight. But the military regained control by killing several thousand unarmed protesters.⁶ After the crackdown, the military allowed the formation of above-ground political parties and promised to hold multi-party elections in 1990 which led to a landslide victory for the National League for Democracy (NLD)—a result nullified by the junta. Protests, boycotts, and several public acts led by students and monks resumed in 1991, 1996, and 2007.

In Burma today, few organizations and political parties have legal standing or basic democratic rights like free speech or free assembly. Those barred from politics became UG activists while legal political parties faced limitations. Thus, any organization or political party that wishes to uphold its political beliefs and pursue its objectives chooses to combine UG-style activism with legal activities as its *modus operandi*.

Armed insurgencies, on the other hand, have been contained from the collapse of the communist party in 1989 and from the ceasefire agreements brokered between the military and the ethnic resistance groups. However, international advocacy movements have grown stronger because of the political and moral appeal of Aung San Suu Kyi and the widespread influence of the global Burmese diaspora.

CONTEXTUAL SETTING FOR PUBLIC SUPPORT OR LEGITIMACY: THE NATURE OF THE STATE AND ITS RELATION TO SOCIETY

According to Max Weber, the state as a sovereign entity claims “the monopoly of the legitimate use of physical force in the enforcement of its order”⁷ within a given territory. The Burmese concept of state adheres with Weber’s view, seeing the state in terms of its deployment and exercise of the means of coercion and physical force. In the Burmese language, the term for the state is *Naingngantaw*, derived from the verb *naing* (to win; prevail; overcome),⁸ the verb *ngan* (archaic form of “to be complete,”⁹ and *taw* (royalty or of religious sanctity). In the mid-20th century, *nainggan* came to mean “nation,” and thus in contemporary Burma, the notions of “state” and “nation” have been conceptually linked.¹⁰ According to the traditional administrative view, there are seven elements of state (*nainggan*): 1) the king or government, 2) civil servants, 3) expansive territory, 4) army/military might, 5) defense line or fort city, 6) reserve of wealth and other essentials including foods and medicines, and 7) allied states.¹¹

Since 1962, the military has ruled the country in different guises. It blurs the distinction between the state, the regime, and the incumbent government. This has led to a reification of the state—its conflation with the regime and the military that claims to be the guardian of the state.¹² As current military leaders see identities and security interests of the state,

the regime, and the military as inseparable from one another, they do not tolerate any challenge to their state-building efforts. Whenever the military regime refers to the Four Eight Movement or the 2007 Saffron Revolution, it characterizes them as “anarchy,” “disorder,” “perilous unrest,” “disturbances,” or “evil and horrifying mob rule” while describing actors of ethnic resistance movements as “terrorists,” “insurgents,” and “destroyers of the Union.”

The successive regimes’ state-building strategies have three essential and non-negotiable goals: to ensure 1) military supremacy; 2) Burman-Buddhist domination of the nation; and 3) preparation to fight against direct foreign invasion or invasion by proxy. They use three key policy instruments to enforce these strategic goals—coercion, containment, and co-optation. Though state-building goals have been carried through by the regime since the 1950s, these efforts encountered constraints from societal and ethnic resistance, and geopolitical/international conditions. The regime lacks legitimacy as a state in the eyes of citizens not only because it is authoritarian, but also because it has yet to achieve a sense of nationhood. Therefore, in spite of enforcing the law, the state’s capacity to govern has fallen short.

THE TRIGGERS (STRATEGIC OPENINGS)

Sidney Tarrow has defined political opportunity as “consistent—but not necessarily formal, permanent, or national—dimensions of the political struggle that encourage people to engage in contentious politics.”¹³ He has elaborated that it is the political environment “that provide(s) incentive for collective action by affecting people’s expectation(s) for success or failure.”¹⁴ The most cited consensus is McAdam’s four dimensions of political opportunity: 1) the relative openness or closure of the institutionalized political system, 2) the stability or instability of that broad set of elite alignments that typically undergird a polity, 3) the presence or absence of elite allies, and 4) the state’s capacity and propensity for repression.¹⁵

This paper questions the need to distinguish between the political opportunity structure and strategic openings since researchers tend to conflate these two variables. Political opportunities are consistent and stable while strategic openings are fleeting and situational. For instance, the sudden economic deprivation that reaches beyond people’s coping capacity,

or shockingly brutal and unjust events, or a combination of both could well trigger contentions and lead to sustained social movements. Jonathan Hassid suggests that grievances can inspire action when they 1) relate to interference with everyday routines (disruption of the quotidian), 2) have a specific, visible target or targets, and 3) can easily be framed as a moral rights claim to maximize external support.¹⁶ Hassid's synthetic model explains the emergence and the nature of Burma's contentious politics. The demonetization in 1987 and the 500 percent fuel price hike in 2007 combined with police brutality against students and Buddhist monks sparked the contentions and social movements in 1988 and 2007, respectively, even though the activists did not experience most of the conditions that the political opportunity structure model describes.

In addition to the disruption of quotidian life and the occurrence of unjust and brutal events, I would add one more factor that could create a conducive environment for the opposition movements' legitimacy. Tarrow specified that the second point of MacAdam's "political opportunities" list has two dimensions—the evidence of political realignment within the polity and emerging splits within the elite. In Burma's case, the prospect of possible political realignment emboldens the public to rally behind opposition movements. The internal peace movements in 1960s followed by Ne Win's unexpected resignation, and the country's switch from one-party rule to a multi-party system in 1988 demonstrated how opposition movements had managed to rally public support behind their causes. Whether or not and to what extent the political environment surrounding the 2010 elections could give strategic openings for opposition movements to expand political space remains to be seen. Overall, the nature of state, its goals and policy instruments, and the consequential triggering factors have created the political environment that compels the public to support opposition movements. The endurance, commitment, courage, and sacrifices of the activists strengthen the legitimacy of the movement.

What about the prospects for the opposition movements' relevancy after the 2010 elections? This paper examines the issue in three ways: 1) antagonizing civil-military relations, 2) key issues such as human rights violations, corruption, and economic mismanagement all associated with military's unchecked power, and 3) changes in governance style.¹⁷

The incompatible goals of the military elites and the opposition movements, including ethnic minorities, will change under the new constitution

and the 2010 elections. On the other hand, the unjust process and one-sided imposition of 2008 constitution and the 2010 elections will not minimize the costs of conflict for the military. The most visible costs will be the continuation of international isolation and further damage to the country's economy. As a result, opposition movements will have to pursue alternative courses of action such as public mobilization and international advocacy. As the generals will use the same method of coercion against the people after 2010, existing grievances and public hostility toward the military will build up. Antagonistic civil-military relations will continue. Apart from its inability to transform, the new post-2010 regime will not resolve problems still confronting the country's human rights violations and corruption—which have earned Burma its pariah status.

According to the new constitution, a military chief will independently administer military affairs, including the recruitment and expansion of troops, promotions, troop deployment, military-owned businesses, and the purchasing and manufacturing of weapons. The issues of political prisoners, child soldiers, forced relocations, forced labor, land mines, internally displaced persons, flow of refugees to neighboring countries, rape, and other rights violations—all associated with the military's unchecked power—will remain unresolved. Since the elected parliament's legislative power will be restricted, no civilian mechanisms are available to redress these political and economic dilemmas.

The 2010 elections could, however, contribute to changes in governance, at least on a nominal level, during the initial stage. The military has had extensive experiences of single-handed dictatorial rule and one-party rule. However, the governing format post-2010 will be an experiment that will be more or less hybrid. Two power centers will be created—the military and the government. Aside from the 25 percent of parliamentary seats reserved for the military and their power to appoint the three most important cabinet ministers (defense, home, and border area affairs), the generals are determined to fill the remaining government and parliamentary seats with members of the Union Solidarity and Development Party (USDP). The upcoming elections are sure to be marked by vote rigging, intimidation, and bullying attacks orchestrated by the Union Solidarity and Development Association (USDA) and its affiliates. Still, the government's operation with two centers of power—no matter who pulls the strings—could lead to either a serious internal split or a miserable inefficiency of the

ruling body. In other words, tensions will build between the regime (i.e. military supremacy) and the new procedures (a hybrid system) with the latter possibly weakening the former. These changes could be a prospect for political realignment within the polity, emboldening the general public to rally behind the opposition groups.

In brief, the repressive nature of state-society relations and strategic openings will continue to allow opposition movements to rally the public against the military-backed hybrid regime, and make them relevant. However, McAdam stated emphatically that “Movement may be largely born of environmental opportunities, but their fate is heavily shaped by their own actions.”¹⁸

ACCOMPLISHING PROFESSED GOALS

Resilience

Another dimension of the relevancy question could be measured by actual outcomes. Parameters for outcome are measured by degrees of resilience, leverage, and endgame strategy. Kurt Schock’s concepts of resilience and leverage, and my own writing on the importance of endgame strategy will explain the trajectories and outcome of Burma’s contentious politics.

Resilience refers to the capacity of contentious actors to continue mobilizing collective action in spite of the actions of opponents aimed at constraining or inhibiting their activities.¹⁹ As I said in the introduction, resilience contains more than psychological qualities such as endurance, commitment, and courage. It is also about the strength of the movement’s repertoire and mobilizing structure. According to Tarrow, all repertoires—no matter how they vary in the forms of violence, disruption, and conventional protest—share a common thread: “all are to some degree public performance.”²⁰

In Burma’s case, the dominant repertoires post-1988 have been executed via political and legal means (i.e. political parties, mainly the NLD), UG, and civil society engagements. Due to the ceasefire agreements between the military and the ethnic resistance groups, armed insurgencies have mostly been contained. However, international advocacy movements have become unprecedentedly stronger.

One of the key weaknesses might be the opposition movements’ unwillingness or incapacity to diversify their repertoires. The NLD announced

that it would not register because the election laws were “unfair and unjust,” barring more than 2,000 political prisoners including party leader Aung San Suu Kyi from taking part in the elections. It declared that it would continue the democracy struggle as a “mass movement” or as “grass-roots social works.” However, the NLD leadership, instead of allowing (or even encouraging) those to set up political parties to remain in the 2010 elections, tended to vilify the moderates within the group. It seems that the NLD lacks the strategic vision to be aware of the advantages it could gain by franchising rather than by centralizing its repertoires.

Broadly speaking, however, it would not be fair to assume such policy decision as merely an outcome of the NLD leadership’s independent choice—it could be viewed as a matter of political culture in Burma. The NLD’s responses have been shaped not only by grievances and repression but also by the cultural environment. The illiberal environment strengthens such value-loaded or principle-centric cultural norms. To be fair, I would caution that even the NLD leaders were strategically savvy and attempting to diversify the repertoires, yet the positive result is not guaranteed. For instance, the Kachin Independence Organization (KIO)’s attempts to diversify its repertoires by forming “proxy” Kachin parties—the Kachin State Progressive Party, Northern Shan State Progressive Party, and the United Democracy Party (Kachin State)—has, so far, turned out to be unsuccessful because the regime’s election commission has delayed the approval of those parties.

Another element in the resilience factor is mobilizing structure. Usually, mobilizing structures in opposition movements are hierarchical. When Aung San Suu Kyi was released from her first house arrest in 1995, she traveled to the provinces and empowered local and grass-roots party members. In fact, she introduced civil society initiatives by helping youth and women leaders of her party set up volunteer groups for wide-ranging issues such as assisting HIV/AIDS patients and providing legal protection for the victims of forced labor and child soldiers. When Min Ko Naing and other 88 generation student leaders were released from prison in 2004–2005, they also broadened such civil society practice within a nonviolent repertoire. They reached out to Buddhist monks, human right advocates, lawyers, journalists, local NGOs, intellectuals, and the artistic community to strengthen the informal network of the movement. As Schock suggests, the organizational template they employed was “network-oriented rather than hierarchical.”²¹

In Tarrow's language, the mobilization structure they organized around was "the connective structure."²² However, the military responded with harsh repression by using crowds of civilian thugs to assault the activists. Before the activists had sufficient time to strengthen their organizational muscle, the 2007 protests broke out. Though the opposition movements' initiatives contributed to the emergence of the Saffron Revolution in 2007, the lack of necessary leverage led to the movements' breakdown.

Leverage

Leverage refers to the ability of contentious actors to mobilize the withdrawal of support from opponents or invoke pressure against them through the networks upon which opponents depend for their power.²³ According to Gene Sharp, a government's power over its subjects is based on the latter's obedience and cooperation. This "relational" view of power suggests that power is derived from sources within society, in contrast to a monolithic theory of power that assumes that power is imposed on people by the state from above, due to the state's ability to enforce sanctions and apply repression.²⁴ Thus, one of the potential effects of leverage is to sever the dependence relation between the ruler and the ruled.

Sharp classifies the methods of nonviolent action into three broad categories: methods of protest and persuasion, methods of noncooperation, and methods of nonviolent intervention. The ability to implement tactics of nonviolent action is constrained by repression, but the mix of tactics implemented may nevertheless influence the extent to which the activists weather repression. The more diverse tactics and methods implemented, the more diffuse the state's repressive operation becomes, thus potentially lessening its effectiveness. Schock employed Robert Burrowes' methods of concentration and methods of dispersion, which cover Sharp's three methods to explain the benefit of incorporating multiple methods and shifting emphasis in non-violent action. According to Burrowes, the ability to shift from methods of concentration, in which a large number of people are concentrated in a public place (e.g., in a protest demonstration), to methods of dispersion, in which cooperation is withdrawn such as a strike, or boycott, or providing creative alternatives to state-controlled institutions.²⁵ The activists in Burma relied to a large degree on methods of concentration (protests, persuasion, marches, and demonstrations), and on methods of disruptive nonviolent intervention, such as the occupation

of public places. These methods may be effective in mobilizing members of the aggrieved population and the support of third parties, but they are less effective in directly undermining state power unless used in tandem with methods of dispersion/non-cooperation. Schock contends that “The methods of concentration were not resilient in the face of violent repression, and the lack of sustained campaigns of noncooperation limited the leverage that the challengers could generate.”²⁶

This lack of tactical innovation in contentious Burmese politics has been compounded by the weak leverage of leading agencies in the movement such as students and monks. In many other successful nonviolent movements such as in Poland, the workers who could sever dependent relations with the state played a critical role in bringing change. But the movement in Burma is spearheaded by students and Buddhist monks who have less potential leverage than workers or peasants in terms of the state’s sources of power and survival, in spite of their iconic status. No organization has emerged in Burma that is capable of effectively forging ties between students, monks, workers, and peasants.

In Burma’s case, the crucial role of the third party should be given serious consideration. Sharp omitted the role of third parties in mediating conflict between challengers and the state. The power of the state is not always dependent on the cooperation and obedience of the ruled and sometimes may derive from sources outside of society, like foreign states or international capital.²⁷ China’s diplomatic support and political protection in the international arena such as the U.N. Security Council, or its provisions of economic and military supplies for the Burmese military junta are some of the most challenging constraints for the movement. However, if the movement manages to sustain its resilience and leverage, China will likely change its unconditional support for the military and actively promote the goal of national reconciliation since it is increasingly aware of the risks posed by its opportunistic policy toward Burma.

Media access plays a crucial role in strengthening leverage of opposition movements. In spite of severe news blackouts and censorship in the domestic media, the Burmese still have access to foreign short-wave radio stations. In the run-up to the 1988 uprising, BBC and VOA Burmese services disseminated information on the riot police’s brutality against students and on the country’s economic crisis. The foreign broadcasts even announced the target date of 8-8-88 set by the student groups for the mass

uprising. Millions of people across the country who heard of the protest updates took part in the movement. In the 2007 Saffron Revolution, the protesters gained immediate media access to information technology (IT) and managed to spread the protests. In this case, the radio stations of BBC Burmese, VOA Burmese, Radio Free Asia Burmese, and the Democratic Voice of Burma played an indispensable role in distributing the news and delivering the protesters' messages to the world.²⁸ Activist networks inside and in exile coordinated together effectively to initiate the IT campaign and drew international attention and support. Thousands of formerly apolitical Burmese students who were studying abroad joined this IT campaign via blogging and fund-raising.

According to the prospect theory in cognitive psychology, individuals are especially averse to loss and therefore, will endure considerably more risk to preserve what they already have than what they will to gain something new. In other words, individuals are said to be more risk-seeking in the context of loss because losses are felt more keenly as disutility than gains are felt as utility. If quotidian disruptions trigger contentious politics, loss must be a vitalizing device for the movement activists to spark emotional outrage among the public. Snow, Cress, Downey, and Jones contend that losses in the form of quotidian interruptions are especially likely to generate social movement activity.²⁹ Consequently, this model helps refine and contextualize the effective framing processes in relation to social movements. Snow et al. also argue that "inasmuch as individuals are likely to be especially risk-seeking in the context of loss, we would agree that framing situations in terms of loss may be a necessary precondition for some collective action."³⁰ In both the 1988 and 2007 movements, Burmese activists "amplified"³¹ the loss frame and the injustice frame,³² attributing responsibility to the military regime, and proposed solutions in the form of democracy in the 1988 uprising and national reconciliation in the 2007 protests.

Given the repressive condition and primacy of daily survival for the general public, if activists failed to emphasize the "loss" frame and not link it to the broader goal, the public would remain detached from politics. When the opposition activists focus too much on their political demands (such as the transfer of power to the NLD in 1990, or conduct political dialogue perceived not to be directly related to people's daily lives), people would be indifferent, leaving activists to achieve their demands on their own.

Endgame Strategy

Despite popular support for opposition movements, the struggle remains a failure in achieving its professed goal. The required critical assessment for examining history is to acknowledge that history is to be learned and not to be copied. However, most activists view the Four Eight Movement as the only model for victory and have always vowed to replicate it. Sadly, this is nostalgia, not strategy.

One of the crucial reasons for the failure of the Four Eight Movement was that opposition movements could not provide strategic leadership to end the endgame. When street protests reached the highest peak in late August through September 18, 1988, the government was deadlocked. However, the opposition leadership failed to take advantage of the emerging power vacuum. They were not unified to undertake regime change or a negotiated transition. When former prime minister U Nu attempted to advance leverage by forming a parallel government on September 9 and by contacting diplomatic missions in Rangoon to seek recognition, opposition leaders including Aung San Suu Kyi failed to rally behind him. Instead, the ruling Burma Socialist Program Party was well aware of the gravity of this challenge. A special party congress, originally planned for September 12, was immediately rescheduled and held on September 10 instead. The authorities decided to hold a general election under a multi-party system within three months as a clear demonstration of their counteroffensive against U Nu's strategic move. Military commanders were allowed to relinquish their party duties, and military chief General Saw Maung made an announcement in September 12 on television that he promised to help hold free and fair multi-party general elections. The government's political offensive was quite bold. Again, the opposition movements failed to seize this promise as a strategic opportunity. They kept on calling for an interim government. The prolonged street protests resulted in fatigue and frustration among the public. The opposition movements' failure to break political deadlock allowed the hardliners within the ruling body to make a justification and preparatory time to shift from their indecisive wait-and-see approach to a swift crackdown on the protests. The military staged a coup on September 18.

The opposition movement's strategic blunder in lacking an endgame strategy was repeated in the 2007 Saffron Revolution. Thousands of

Buddhist monks led the marches in several major cities, chanting loving-kindness (*metta*) phrases of Buddhist canon and praying for the peace of country. When students and the general public joined the monks, the numbers of protesters reached up to 200,000 in Rangoon. The movement kept calling for national reconciliation yet its message could not go beyond Naypyidaw directly or indirectly (via third parties such as the United Nations or China).

The voices of the protests were heard only through the narratives of exile's media and radio stations in which opposition leaders gave rhetorical interviews and public statements. Instead of playing the role of bridging the junta and the demonstrators, the NLD took up its own banner to join the street protests. Though the United Nations sent its special envoy to Burma, it was long overdue as the junta cracked down on the protesters, resulting in at least 160 deaths and arrests.

Burma's opposition leadership has always been enthusiastic to mobilize mass movements but failed to get any intended results out of it whenever the protests reached their peak. It always tries hard to achieve its means (mass movements) as if they are the ends (victory). From the Four Eight Movement to the Saffron Revolution, opposition movements have failed to learn from the mass mobilizations but have continued to copy them. Even though public pressure alone can challenge the status quo, whether or not it can lead to a genuine political transition has all to do with its effective endgame strategy.³³

This paper recognizes that opposition movements have miserably failed in accomplishing their goals. The NLD also officially apologized to the public for its failed policies in the struggle for democracy.³⁴ However, this paper would like to contend that it is necessary to disaggregate three factors (resilience, leverage, and endgame strategy) when we consider the outcome. If the opposition movements strive to work on some weak aspects of these factors such as diversification of repertoires, tactical innovation, third-party persuasion, broadening the leading agencies, and achieving a balance between rights-based and interests-based approaches to strategize the endgame, they will find themselves more relevant in increasing the likelihood of their professed goals.

CONCLUSION

This paper looked into the question of relevancy for the Burmese opposition movements from two perspectives: legitimacy and outcome. The repressive nature of the state, its goals and policy instruments, and the consequential triggering factors (strategic openings) have created the political environment that helps the opposition movements rally public support for their causes. The endurance, commitment, courage, and sacrifices of the activists strengthen the legitimacy of the movements in public eyes. Since the 2008 constitution and 2010 elections are not likely to yield any significant changes in civil-military relations, or on key issues such as rights violations, corruption, and governance style, opposition movements will continue to rally public support for their causes, and make themselves relevant.

The paper has also probed the parameters for the outcome that could allow the opposition movements to increase the likelihood of accomplishing their goals. It examined three factors—resilience, leverage, and endgame strategy—to explain the relevancy of the opposition movements in terms of outcome. Although this paper acknowledges the prevailing general impression that the opposition movements have failed miserably in accomplishing its goals, it suggests disaggregating the constituting elements of resilience, leverage, and endgame. This paper cautions against making any sweeping statement without dissecting and evaluating each element of those three factors.

In closing, this paper concludes that the opposition movements will remain relevant in public support and legitimacy, but they will have to improve their performances in resilience, leverage, and endgame strategy to make themselves relevant in increasing the likelihood of accomplishing their goals.

NOTES

1. Birger Hjørland and F. Sejer Christensen, “Work tasks and socio-cognitive relevance: A specific example,” *Journal of the American Society for Information Science and Technology* 53 (11) (September 2002): 960–965.

2. Kurt Schock, *Unarmed Insurrections: People Power Movements in Nondemocracies* (Minneapolis: University of Minnesota Press, 2005), 142–143.

3. Min Zin, “Where’s the ‘End Game’ Strategy?” *The Irrawaddy Magazine* 16 (8) (August 2008).

4. Min Zin, "Working Underground to Plant the Seeds of Civil Society" *The Irrawaddy Magazine* 7 (5) (June 1999).

5. Many UG activists have been killed or imprisoned with long-term sentences (in some cases, exceeding 100 years) after being severely tortured. Student union activist Bo Min Yu Ko was given a 104-year prison sentence in January 2009. He is only in his early twenties. See the documents compiled by Assistance Association for Political Prisoners (Burma), <http://aappb.org/>.

6. An independent observer claims that 10,000 people were killed during 1988 popular uprising. Martin Smith, *Burma: Insurgency and the Politics of Ethnicity* (Bangkok: White Lotus, 1999): 16.

7. Max Weber, *The Theory Of Social And Economic Organization* (New York: Free Press, 1997).

8. Department of the Myanmar Language Commission, Ministry of Education, Union of Myanmar, *Myanmar-English Dictionary* (Yangon: Ministry of Education, Union of Myanmar, 1994), 234.

9. Ibid., 94.

10. Robert Taylor, *The State in Myanmar* (Honolulu: University of Hawaii Press, 2009), 2. Nations are communities of shared values, traditions, and historical memory. Some scholars firmly claim that nations are never built. Rather, they evolve out of an unplanned historical-evolutionary process. State-building is constructing political institutions, or else, promoting economic development. See Francis Fukuyama, ed., *Nation-Building: Beyond Afghanistan and Iraq* (Baltimore: Johns Hopkins University Press, 2006, 3). This paper assumes this differentiation. Also see Benedict Anderson, "Old State, New Society: Indonesia's New Order in Comparative Historical Perspective," *Journal of Asian Studies* 42 (3) (May 1983): 477–496. Anderson argues that the state finds in the nation its modern legitimation.

11. U Maung Maung Tin, *Myanmar Min Okchokpon Sadan*, vol. 1 [Royal Administration of the Burmese Kings] (Yangon: Revolutionary Council of the Union of Burma, 1963), 129. Burmese scholar U Hpo Hlaing offered an alternative version of seven elements of the state. But his version only differs from the original by replacing the army/military might (#4 element) with "enforcement or punishment." Maung Htin, ed., *Biography of Yaw Mingyi U Hpo Hlaing and Raja-Dhama-Singaha-Kyan*, 4th ed. (Leicester, United Kingdom: Unity Press, 2002), 249–251.

12. Tin Maung Maung Than, "Myanmar: Preoccupation with Regime, Survival, National Unity, and Stability," in *Asian Security Practice: Material and Ideational Influences*, ed. Muthiah Alagappa, 394 (Stanford: Stanford University Press, 1998).

13. Sidney Tarrow, *Power in Movement: Social Movements and Contentious Politics* (Cambridge: Cambridge University Press, 1998), 19.

14. Ibid., 76.

15. Doug McAdam, "Conceptual Origins, Current Problems, Future Directions," in *Comparative Perspectives on Social Movements*, ed. Doug McAdam, John D. McCarthy, and Mayer N. Zald, 27 (Cambridge: Cambridge University Press, 1996).
16. Jonathan Hassid, "China's Contentious Journalists: Reconceptualizing the Media," *Problems of Post-Communism* 55 (4) (July/August 2008): 52.
17. Min Zin, "The 2010 Election Challenges," *Bangkok Post*, July 27, 2008.
18. McAdam, "Conceptual Origins," 15.
19. Schock, *Unarmed Insurrections*, 142.
20. Tarrow, *Power in Movement*, 93.
21. Schock, *Unarmed Insurrections*, 50.
22. Tarrow, *Power in Movement*, 124.
23. Schock, *Unarmed Insurrections*, 143.
24. Ibid., 37.
25. Ibid., 51.
26. Ibid., 152.
27. Ibid., 46.
28. The junta appeared unprepared on how to deal with the internet phenomenon. The protest started gaining momentum on September 22, but the military blocked all access to the internet only by September 28—two days later than the imposition of "dusk-till-dawn curfews" in the country's two largest cities (Rangoon and Mandalay) on September 26.
29. D. Snow, D. Cress, L. Downey, and A. Jones, "Disrupting the Quotidian: Reconceptualizing the Relationship between Breakdown and the Emergence of Collective Action," *Mobilization: An International Journal* 3 (1998): 2–3.
30. Ibid., 18.
31. Frame amplification is a part of the four-frame alignment process that Snow et al. proposed. See Tarrow, *Power in Movement*, 110.
32. Ibid., 111.
33. Min Zin, "Where's the 'End Game' Strategy?"
34. Saw Yan Naing, "NLD Apologizes for Failed Struggle," *The Irrawaddy*, April 6, 2010.

PART III

*International Strategies
Toward Burma*

MYANMAR'S 2010 ELECTIONS AND INTERNATIONAL LEGITIMACY: A PERSPECTIVE ON ASEAN'S STANCE VIS-À-VIS NAYPYIDAW

Jürgen Haacke

In March 2010, the ruling State Peace and Development Council (SPDC) finally made public details of the legal framework governing Myanmar's planned elections.¹ By June, around 40 political parties had filed for registration with the Union Election Commission in Naypyidaw. However, the country's main opposition party, the National League for Democracy (NLD), decided to forego participation in the forthcoming round of voting by not applying before May 7, 2010, to continue its registration as a legal political party. This decision was taken in view of the substance of the legislation governing the elections: first, the Pyithu Hluttaw Election Law declares the outcome of the 1990 general election, which was won by the NLD with an overwhelming majority, as "automatically invalidated"; second, the Political Parties Registration Law demands that members of political parties standing for elections cannot include persons "serving a prison term as a result of a conviction in a court of law"; and, third, the latter law also demands that political parties safeguard the constitution which, according to the NLD, requires amendments.² After Aung San Suu Kyi was reported to have said that she "would not even think of registering" under what she and others considered to be unjust laws,³ in late March 2010, the NLD's Central Executive Committee, in a demonstration of party unity,

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voted in favor of its own disbandment.⁴ Since, Myanmar has been headed for a situation in which the ruling regime, which was always likely to build or draw on a party political platform to contest the elections, will enjoy much better electoral prospects now than if the NLD had opted to participate in the ballot. In the event, Prime Minister Thein Sein and cabinet colleagues relinquished their military posts in late April and successfully applied to register the Union Solidarity Development Party (USDP).

Myanmar's election-related laws have attracted much criticism. In an initial assessment, the United Nations Secretary General, Ban Ki-moon, said that the election laws did not measure up to the "international community's expectations of what is needed for an inclusive political process."⁵ Several western governments and leaders unambiguously reinforced this evaluation. The U.S. Assistant Secretary of State for East Asia and Pacific Affairs, Kurt Campbell, argued that the Political Parties Registration Law "makes a mockery of the democratic process and ensures that the upcoming elections will be devoid of credibility."⁶ In May, he urged the Myanmar government to take immediate steps to open the process in the time remaining before the elections.

Within Southeast Asia, Singapore's foreign minister, George Yeo, had argued, even before the election-related legislation was revealed, that the two critical factors counting toward the legitimacy of Myanmar's elections would be the spirit of national reconciliation among the ethnic groups and the participation of Aung San Suu Kyi's NLD and other opposition parties.⁷ After the legislation was made public, several Association of Southeast Asian Nations (ASEAN) governments registered their disappointment and disapproval. The foreign minister of the Philippines, Alberto Romulo, suggested that unless Aung San Suu Kyi was released and allowed to participate in the elections, these elections would be "a farce."⁸ He added that "if there is no reconciliation and the elections outcome is not seen as legitimate, especially by Myanmar's neighbors, then ASEAN will have a problem." Thai foreign minister Kasit Piromya thought Myanmar's Political Parties Registration Law was "discriminatory" and voiced concerns about "the inclusiveness of the whole new political process."⁹ Singapore and Indonesia were also critical.

Notwithstanding these individual reactions, the association's consensus position, captured by Vietnam as chair of the 16th ASEAN Summit in early April 2010, seemed much less critical of Naypyidaw even when allowing

that Myanmar naturally has some influence over the relevant language of ASEAN's releases. Indeed, ASEAN heads of state but "underscored the importance of national reconciliation in Myanmar and the holding of the general election in a free, fair, and inclusive manner."¹⁰ The chairman's statement contained neither an explicit reference to the NLD or to Aung San Suu Kyi nor to a demand for the release of other detainees. Also, no mention was made of a dialogue among all parties, which the association had supported in earlier years. This suggests that ASEAN states are prepared to at least consider as broadly legitimate the election process and its outcome even if Aung San Suu Kyi and the NLD are not participating.

ASEAN MEMBERS' STANCE ON MYANMAR

The adjustment of language in ASEAN's consensual stance on Myanmar may, at first sight, come as a surprise. After all, ASEAN seemed to have tightened the diplomatic screws on Myanmar since September 2007, in response to the so-called "Saffron Revolution."¹¹ Having seen the junta push through the 2008 constitutional referendum within only days of Cyclone Nargis causing great devastation in parts of the country and noting the calls for possible humanitarian intervention, Indonesia's then-foreign minister Hassan Wirayuda, in an ASEAN ministerial meeting, exerted considerable pressure on his Myanmar counterpart to make the military regime accept that ASEAN should facilitate interaction with the international community to organize the necessary relief effort. Arguably, the extent of that pressure was in some ways unprecedented at the time. Also, when Aung San Suu Kyi faced charges of having violated the terms of her house arrest because of John Yettaw's uninvited visit in May 2009, Thailand, in its capacity as ASEAN chair, emphasized critically that "the honor and the credibility" of the Myanmar government was at stake.¹² The backdrop was that ASEAN ministers had, in the previous year, been made to understand that Aung San Suu Kyi would probably be released in November 2009,¹³ and hence, in time for the 2010 elections. Instead, it suddenly transpired that she could go to prison for some time, raising serious questions about the legitimacy of the elections.

While Myanmar's ties with fellow ASEAN states certainly experienced a rockier phase in the years leading up to the summer of 2009,

the grouping's collective stance toward Myanmar has noticeably softened since then. In 2008, for instance, foreign ministers still urged Myanmar "to take bolder steps toward a peaceful transition to democracy..." and reiterated their calls "for the release of all political detainees, including Aung San Suu Kyi, to pave the way for meaningful dialogue involving all parties concerned."¹⁴ Shortly before the NLD leader had her sentence of three years imprisonment with hard labor commuted to 18 months of house arrest by Senior General Than Shwe, ASEAN foreign ministers "encouraged the Myanmar Government to hold free, fair and inclusive elections..." but still reiterated their calls on the military-led government to "immediately release all those under detention, including Aung San Suu Kyi, thereby paving way for genuine reconciliation and meaningful dialogue involving all parties concerned and with a view to enabling them to participate in the 2010 General Elections."¹⁵ However, at the 15th ASEAN Summit in October 2009, ASEAN's heads of state/government toned down the criticism in which members "underscored the importance of achieving national reconciliation" and asked that "the general elections to be held in Myanmar in 2010 must be conducted in a fair, free, inclusive, and transparent manner in order to be credible to the international community."¹⁶ In other words, though national reconciliation was still highlighted as one of the grouping's core objectives, ASEAN leaders were not insisting on dialogue among Myanmar's key political actors to achieve it. A specific reference to "Daw Suu Kyi" was also absent.

Notably since then, as mentioned, ASEAN leaders seem to have again exhorted Myanmar to do the right thing in relation to the 2010 elections. However, some key words still contained in the previous chair's statement were not incorporated into that of the 16th ASEAN Summit, namely *credibility* and *transparency*, notwithstanding international concern over Myanmar's electoral legislation. That said, by some accounts, several ASEAN countries such as Singapore, Indonesia, and Thailand did seek to persuade the current ASEAN chair, Vietnam, to use the summit to express "concern" about the situation in Myanmar. There was, it seems, also a measure of dissatisfaction among leaders over Prime Minister Thein Sein's statement that the precise poll date would be released only once the Union Election Commission had completed its preparations. These concerns were not reflected in the chair's language.

Factors influencing ASEAN's collective stance on Myanmar

There can be little doubt that ASEAN's stance toward Myanmar has been influenced by the outcome of the Obama administration's Burma policy review. External pressure on ASEAN countries exerted by Washington and various European capitals to influence the junta on the issue of political change was a significant factor in the member states' calculations on how to deal with Myanmar. Washington's decision to formally embark on pragmatic engagement while also retaining the existing sanctions-based approach has taken pressure off the association to continue to invest in diplomatic moves or language that, for the most part, yield no obvious results. ASEAN countries have seen the EU states consider a similar shift in their approach toward Myanmar. Significantly, what matters from ASEAN's perspective is that despite the recent disappointment over and serious concerns about the military regime's legislation on the 2010 elections, Washington has not abruptly ended engagement and resumed its previous largely singular focus on sanctions and diplomatic ostracism.

Moreover, the current ASEAN chair, Vietnam, has ostensibly played a major role in shaping the grouping's latest public stance toward Naypyidaw. ASEAN countries have, of course, all supported in principle Myanmar's roadmap to democracy. But for years, Vietnam has argued that Myanmar should, in effect, simply follow through with its roadmap to democracy. In the summer of 2009, Hanoi also described Suu Kyi's trial as "Myanmar's internal affairs."¹⁷ Presumably, Prime Minister Nguyen Tan Dung gave assurances during his visit to Naypyidaw just prior to the ASEAN Summit that Hanoi would continue to de facto protect Myanmar diplomatically within the association. It may be that Vietnamese leaders genuinely believe that a strong political role for the Myanmar military is required—at least in the interim—to avoid the country from sliding into more serious instability. From Hanoi's perspective, being supportive rather than overtly critical of Naypyidaw in the context of the 2010 elections may also have been seen as one way to reinforce Vietnam's position that there should be limits to ASEAN's enhanced interactions even where domestic political conflict has regional repercussions. Very likely, a geopolitical rationale has also come into play, as Vietnam seems to have an interest that Naypyidaw follows Hanoi in not allowing Chinese influence to balloon in continental Southeast Asia.¹⁸

Third, ASEAN countries would find it difficult to object too sternly to the continued role of the military in legislative affairs and in politics

more broadly. In 1999, Indonesia's electoral law still reserved 38 seats for the military. As the current minister of Indonesia, Marty Natalegawa, noted, "Our first democratic elections in 1999 were far from perfect. We too had seats reserved for the military in parliament... But each election since has been better and better. The transition to democracy is a process, and what Myanmar is doing is starting the long journey to democracy with these elections."¹⁹

Also, it would be surprising if most Southeast Asian governments found key criticisms directed against Myanmar's election laws to be very persuasive. Most would not consider it inappropriate in principle that Myanmar's political parties are to respect and uphold the country's future constitution. In Indonesia, for instance, the general objectives of legal political parties have had to be compatible with the state philosophy of *Pancasila*.²⁰ Turning to Myanmar, ASEAN could point to the ruling regime having clarified that safeguarding the constitution does not involve a commitment to never make any attempt to amend the 2008 constitution. As regards the need to eject those party members serving a prison sentence, it is useful to recall that various Southeast Asian states have spelled out various reasons for the disqualification of candidates standing for elections. A look at Singapore's constitution reveals that a candidate would be disqualified if s/he was convicted of an offense by a court of law in Singapore or Malaysia, and sentenced to imprisonment for a term of not less than one year or a fine of not less than \$2,000, without receiving a free pardon. Such a disqualification may be removed by the president or will cease at the end of five years. Not surprisingly, the Myanmar authorities have referred to the legal frameworks governing elections in neighboring countries and used their state-controlled media to suggest that criticism of the Political Parties Registration Law is thus unwarranted; they have, in this regard, also pointed to Burma's 1947 constitution whereby a conviction would lead to disqualification under similar terms. Indeed, the military government has furthermore pointed out that "permission has been given for those serving jail terms to apply for parties as they wish when they have been released."²¹ It is not clear to what extent ASEAN governments have raised with Naypyidaw the question of whether the convictions of opposition party members have been justified.

The fourth likely reason for ASEAN's relative lack of criticism has to do with Aung San Suu Kyi. The Nobel Prize laureate may be revered by

large parts of the population within Myanmar and abroad, but attitudes toward her among current leaderships in Southeast Asia are mixed. Some national elites and governments may identify with and support her politics and principled positions, but her approach also seems to strike some as insufficiently pragmatic given the obvious power imbalance characterizing the NLD position vis-à-vis the military regime. Regional leaders recognize the importance that western countries have attributed for long to securing Aung San Suu Kyi's freedom from house arrest and allowing both her and the NLD to play a role in Myanmar's political process. But in line with regional norms, they have hardly followed the examples of former British prime minister Gordon Brown, or former U.S. president George W. Bush, and the former first lady Laura Bush, in publicly stating admiration and support. Indeed, when visiting Myanmar, leading Southeast Asian politicians and officials—at least since the beginning of 2006—have also not, it would seem, insisted too strongly that they should meet with Aung San Suu Kyi. To some extent, such diplomatic caution was the outcome of the ill-fated visit to Myanmar by former Malaysian foreign minister Syed Hamid Albar in 2006.

While expressing disappointment about the election laws, comments from within ASEAN also indicate that at least some regional governments see the NLD as possibly having made a strategic error by not continuing its registration and thus choosing to reject the electoral process on offer. For example, a spokesperson for Singapore's Ministry of Foreign Affairs responded to the NLD decision by saying that:

We have always held that national reconciliation among the stakeholders is a critical element for the legitimacy of the elections. This would require the participation of the National League for Democracy and other political parties. It is still not too late for *all* parties to reach a compromise and we urge them to do so.²²

Indeed, it would seem that the NLD could have dragged out making a decision until August and perhaps even circumvented the need to expel party members.²³ It is obvious that the circumstances of when and how the NLD decided to boycott the 2010 elections make it harder for ASEAN to argue that the latter are not inclusive. However, ASEAN countries have been obliged to critically assess the ramifications of the junta's election laws. The

visit to Myanmar undertaken by Natalegawa in late March served this purpose. Reaching definitive conclusions has not proved easy, nonetheless. As Natalegawa said, "So we are yet to ... come to a good judgment, conclusion as to whether in fact the two (the electoral laws and the goal of an inclusive election) are necessarily inconsistent with one another."²⁴ Importantly, there seems to be a measure of good will or tolerance within ASEAN. While Natalegawa indicated that policymakers in Jakarta and perhaps the wider region would not be asking Myanmar's authorities to be going for the perfect in one go, Malaysia's prime minister, Najib Razak, suggested that ASEAN would not "prejudge" Myanmar by assuming that the polls would fall short of expectations.²⁵ Governments in several ASEAN capitals may therefore evaluate the legitimacy of the elections in part with reference to what extent Myanmar's leadership deviates from the electoral provisions it has put forth. Problems with the legitimacy of the electoral process do not, however, imply that ASEAN will ostracize Myanmar in the future. Indeed, it is difficult to see ASEAN countries adopting a radically different collective stance toward Myanmar unless the military-dominated state was seen as threatening regional security, posing a serious obstacle to forming the ASEAN community, or otherwise, acting in blatant contravention of the ASEAN Charter.

MYANMAR AND ASEAN'S BASIC OBJECTIVES

The 2008 ASEAN Charter outlines the organization's numerous purposes. The first four mentioned in Article 1 are: (1) to maintain and enhance peace, security, and stability and further strengthen peace-oriented values in the region; (2) to enhance regional resilience by promoting greater political, security, economic, and socio-cultural cooperation; (3) to preserve Southeast Asia as a Nuclear-Weapon-Free Zone (NWFZ) and free of all other weapons of mass destruction; and (4) to ensure that the peoples and Member States of ASEAN live in peace with the world at large in a just, democratic, and harmonious environment. The ASEAN Charter mentions a range of further objectives, such as creating a single market and production base, narrowing the development gap within ASEAN, and strengthening democracy, enhancing good governance and the rule of law, as well as promoting and protecting human rights and fundamental freedoms, with due regard to the rights and responsibilities of the member

states. These stated purposes attest to ASEAN's intention to establish a three-pillared ASEAN community that was agreed in 2003, but the order in which they are spelled out suggests, above all, ASEAN's importance as a limited regional security organization. While recognizing the extent of ASEAN's rich agenda, the following therefore only focuses on Myanmar's record in relation to the first four objectives of the ASEAN Charter.

Is Myanmar a threat to regional peace and stability?

Though the United States government and various anti-regime voices have in the past argued that Myanmar has posed a threat to regional peace and stability, this has not been the official perspective of the ASEAN countries as a whole, be it collectively or individually.²⁶ ASEAN's largest member, Indonesia, then a non-permanent member at the United Nations Security Council (UNSC), also made this clear when in January 2007, its permanent representative at the UNSC abstained on whether the situation in Myanmar deserved a non-punitive resolution against Naypyidaw. Jakarta's ambassador argued at the time that Myanmar must respond to the imperative of restoring peace and democracy and respect for human rights, but did not consider the UNSC to be the appropriate body to deal with the country's various problems, such as the democratic transition, human rights, HIV/AIDS, and the trafficking of narcotics and people. Other Southeast Asian countries have equally not depicted Myanmar as a threat, notwithstanding concerns about, for example, the cross-border smuggling of narcotics, primarily amphetamines, or the repeated exodus of refugees as a consequence of the ongoing ethnic conflict in Myanmar.²⁷ Tellingly, the grouping has not collectively and publicly pressed for a political solution to Myanmar's ethnic conflict, even though this is often seen as a prerequisite for limiting the transnational challenges emanating from within Myanmar's borders as well as the cross-border effects of counterinsurgency operations and state-building activities. Some have nevertheless argued that Myanmar's political situation should be regarded as a "crisis" for ASEAN because, like no other regional country, it is regarded as posing a challenge to ASEAN's pursuit of a political-security community.²⁸

Myanmar as a partner in cooperation?

Given its record of recalcitrance in relation to political change, Myanmar's military government might be seen to be a major spoiler when it comes

to ASEAN cooperation. This assessment is only partly accurate, however. After all, Myanmar did not really have any compunction about signing up to ASEAN's core norms, as contained in the Treaty of Amity and Cooperation of Southeast Asia. Indeed, looking to use ASEAN membership not only to boost its legitimacy, but also to invoke the region's normative shield against perceived external meddling, the military leadership continues to welcome the emphasis that the grouping has traditionally placed on sovereign equality, consensus, and non-interference. Consequently, efforts by other ASEAN countries since the Asian financial crisis to maintain the organization's relevance, not least by establishing an ASEAN community that would revisit some of ASEAN's core principles and establish a more people-oriented outlook, have generated resistance in Myanmar. That said, like other ASEAN members, Myanmar added its signature to the Bali Concord II and by 2004, endorsed the idea of an ASEAN Charter. In drafting the latter, Myanmar's representative on the ASEAN High Level Task Force, Aung Bwa, somewhat famously became known as the "king of brackets."²⁹ Importantly from his perspective, Aung Bwa never compromised on vital issues that might be detrimental to Myanmar's national interests.

As regards to Myanmar's practical cooperation with the grouping, it is inevitable that reference is made to Myanmar's initial reluctance to allow the association to play a role in dealing with the aftermath of Cyclone Nargis. That said, ASEAN countries are generally taking the view that even when they are experiencing a natural catastrophe, foreign militaries have no automatic right to become involved. In the case of Cyclone Nargis, Indonesia's diplomatic pressure on Naypyidaw ultimately was crucial to making the military leadership accept that ASEAN could play an important role in facilitating humanitarian assistance to Myanmar. More generally, however, Myanmar's cooperation with other ASEAN countries in relation to the establishment of the ASEAN Political-Security Community (initially the ASEAN Security Community) by 2015 does have redeeming features, with the important exception of truly living up to the commitment to political development democracy contained in the Bali Concord II as well as the ASEAN Charter (see below). For instance, Naypyidaw has committed itself to a comprehensive approach to security, in the sense that the government has followed its regional partners in also focusing on addressing non-traditional security challenges including transnational crime

with greater vigor, e.g., the trafficking of persons, albeit not necessarily within an ASEAN framework. Not having been represented at the inaugural ASEAN Defense Ministers Meeting (ADMM) in May 2006, Myanmar has participated in more recent meetings for exchanges on defense and security policies as well as discussions about interaction in related matters with external partners. From the perspective of other ASEAN countries, it is important that Naypyidaw plays a positive part in security cooperation and in emphasizing the grouping's diplomatic centrality in the evolving regional architecture. As such, the country contributes to realizing ASEAN's goal of promoting a dynamic and outward-looking region.

Is Myanmar Developing Nuclear Weapons?

Having expressed for some years its intention to acquire a small nuclear research reactor from Moscow, Burma finally struck an agreement to purchase a 10 megawatt light-water reactor in 2007, probably given Myanmar's improved financial position arising from the sale of natural gas. At the end of 2009, the reactor had yet to be built. Even if it existed, estimates are that its size would be so limited that it could produce at best a very limited amount of weapons-usable plutonium in any given year. Although Myanmar is not known for any significant nuclear facilities, there have been suspicions and allegations among anti-regime activist groups in particular that Burma's secretive military regime has also been keen to develop a clandestine nuclear weapons program. The London-based think-tank, the International Institute for Strategic Studies (IISS), has argued that Myanmar is the only country within Southeast Asia "that might be considered to have a contemporary strategic motivation to develop nuclear weapons."³⁰ However, it has also reported that the International Atomic Energy Agency and western intelligence services have concluded that a suspected nuclear facility at Pyin Oo Lwin is, in fact, a "non-nuclear industrial workshop or machinery center."³¹ Drawing on the account of a prominent defector, Major Sai Thein Win, a report written for the Democratic Voice of Burma in May 2010 yet again suggested that Myanmar's generals were pursuing an aspirational WMD program, while also indicating that "success may be beyond Burma's reach."³² There remain concerns about North Korea in particular playing a crucial role in the development of such a program, however, and Pyongyang is also believed to have helped Myanmar in research on developing ballistic missiles.³³ In May 2010, Campbell indicated that "recent developments"

called into question Myanmar's commitment to fully comply with U.N. Security Council Resolutions 1718 and 1874.³⁴ The United States has yet to make an unambiguous statement on the issue, however.

Southeast Asia has remained rather quiet in relation to the SPDC's alleged interest in pursuing a secret nuclear program. Thailand's security apparatus, for instance, is even said to have remained largely dismissive of the junta's assumed nuclear weapons intent to date.³⁵ However, in light of the recent claims put forward, the region is bound to ask somewhat more openly whether Naypyidaw is in breach of any of the international obligations relating to nuclear weapons technology to which Myanmar has committed itself. As a signatory of the Southeast Asian Nuclear-Weapon-Free Zone Treaty (SEANWFZ), which was signed in December 1995 and entered into force in 1997, there is also an important regional dimension to the issue. The SEANWFZ Treaty bans, for instance, signatories from manufacturing, possessing, or testing nuclear weapons. It would not appear that Myanmar has, to date, submitted to the SEANWFZ commission's executive committee a report on any "significant event" within its territory. ASEAN states do not as yet seem to have requested Myanmar to clarify any situation in accordance with the provisions of the existing regional framework. Notably, ASEAN Secretary General Surin Pitsuwan has said in the past that if press reports about secret nuclear facilities in Myanmar were true, Myanmar would be violating the SEANWFZ Treaty.³⁶ A proven commitment to a nuclear weapons program would obviously also run counter to the objectives listed in the ASEAN Charter. But the evidence seems to allow for different conclusions. And herein lies the rub. As Burma-watcher Andrew Selth puts it, Washington's position "seems to reflect either a belief that Burma does not have a secret nuclear weapons program, or a lack of hard evidence to support such a claim."³⁷ ASEAN countries seem to be in the same position and should therefore be expected to be closely watching further developments and revelations.

Democracy and Human Rights

In contrast to the European Union, ASEAN members have historically been happy to respect considerable political diversity within Southeast Asia. This stance made possible the admission of the CLMV countries (Cambodia, Laos, Myanmar, and Vietnam) in the 1990s. However, the subsequent decade saw a push by some members, especially Indonesia, to

make ASEAN, as a whole, subscribe and commit to democratic principles as well as the promotion and protection of human rights. The 2003 Bali Concord II incorporated for the first time a consensus on establishing a “just, democratic, and harmonious” environment, which was followed by members’ endorsement of political development as one of the key areas for activities to be pursued in the context of building the ASEAN Security Community. The ASEAN Political-Security Community Blueprint, released in 2009, sets out that the grouping “shall promote political development in adherence to the principles of democracy, the rule of law, and good governance, respect for, and promotion and protection of human rights and fundamental freedoms.”³⁸

Military rule in Myanmar generally, and in particular the SPDC’s reluctance to make the country’s post-2003 political process more inclusive in the lead-up to the forthcoming elections and its problematic human rights record, has presented serious challenges for the association, not least to its international image and credibility. In response, the grouping has resorted to a more flexible practice of its non-interference principle *vis-à-vis* Naypyidaw than is normally contemplated, which has added to intramural friction and strain between the latter and the original ASEAN members in particular.³⁹ Notably, on the human rights front, Myanmar still offered stiff diplomatic resistance to the idea of an ASEAN Human Rights Body after all ASEAN foreign ministers had already included a draft provision on what eventually was to become the ASEAN Intergovernmental Commission on Human Rights.

MYANMAR’S SITUATION IN A REGIONAL CONTEXT

There can be little doubt that military rule in Myanmar has presented ASEAN with a challenge as regards to the pursuit of some of the grouping’s stated key objectives. The full extent of this challenge is not necessarily openly acknowledged within the region, however. Leaving aside suspicions about Naypyidaw’s interest and investment in a nuclear program, which if confirmed, would present ASEAN with one of its biggest challenges ever, Myanmar is clearly not the only country within Southeast Asia to have caused decision makers in neighboring states to worry about the actual or potential spillover of forms of domestic strife. For instance, in the early

post-Suharto years, some regional states became concerned about separatism and inter-communal violence in Indonesia,⁴⁰ and the consequences for ASEAN arising from Jakarta's preoccupation with domestic transformation. Another example is Thailand, which has experienced ethnic conflict in its south, where several thousand deaths have been recorded since 2004. Thailand has also experienced a significant level of political contestation and even turmoil involving the supporters and detractors of former prime minister, Thaksin Shinawatra. This led to the closure of Bangkok's airports in late 2008 during Thailand's ASEAN chairmanship, and to the further postponement of the summit meetings in April 2009 with the grouping's dialogue partners, including the East Asia Summit. The domestic political dynamics have, to some extent, also spilled over into Thailand's bilateral ties, as visible in Bangkok's relations with Phnom Penh. More recently, the occupation in March 2010 of a central area in Bangkok by "red shirt" protesters and the ensuing standoff with the military unnerved several ASEAN governments and by mid-May, following live firefights and ample bloodletting, some regional governments not only worried about the possibility of civil war, but—given Thailand's importance within ASEAN—also judged the potential consequences for the region to be very serious indeed.⁴¹ The political and military conflict in Myanmar has yet to yield such statements.

While political developments in Myanmar and the junta's general unwillingness to take advice from fellow ASEAN members on democratization, political reconciliation, and human rights are understood to amount to a serious credibility problem for the association, the SPDC is not the only regime in Southeast Asia for which democratization remains a sensitive issue. Notably, the coup against Shinawatra in 2006 de facto forced the grouping to ignore the seemingly emerging norm about the region no longer condoning unconstitutional changes of government. A number of ASEAN countries besides Myanmar also continue to be criticized for human rights violations including the Philippines. Not surprisingly, Vietnam, Cambodia, and Laos all put forward reservations in relation to the establishment of the ASEAN Intergovernmental Commission on Human Rights.⁴² Given this complex reality, it is understandable that ASEAN members do not question the legitimacy of state practices in Myanmar more than they do. Restrictions characterizing the forthcoming elections in Myanmar, such as contained in the Political Parties Registration Law

and the controlled nature of the political campaigning, not least, in relation to the freedom of association and assembly as well as curbs on the media, cannot be expected to lead to a fundamental reassessment.

CONCLUSION

ASEAN governments appreciate that Myanmar's elections are going to be flawed in more ways than one and—given the constitutional framework—will also leave the military controlling the reins of political power. However, they are not likely to question Myanmar's international legitimacy on the back of the country's first elections in 20 years. Indeed, the expectation is that the elections will be an important step toward a different political order, which will be able to positively impact on domestic stability and reform. Some may thus hope that over time, giving life to the new constitution will serve to break at least some internal cycles of conflict. Equally, ASEAN countries are bound to maintain that Myanmar's overall track record in conducting its bilateral affairs and in working toward ASEAN's stated objectives in the context of the formation of the ASEAN Community also does not project the question of international legitimacy. Whether (and how) the allegations surrounding Myanmar's interest in a secret nuclear program might do remains to be seen.

NOTES

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2. U Win Tin, "Decision time in Burma for democracy's advocates," *The Washington Post*, March 30, 2010, <http://www.washingtonpost.com/wp-dyn/content/article/2010/03/29/AR2010032901893.html>. According to some estimates, around 430 NLD members are held in detention. It was not immediately clear whether electoral laws would necessarily force the expulsion from the NLD of Aung San Suu Kyi given that, strictly speaking, she is arguably not serving a prison sentence (half of her 2009 sentence was commuted and the other half was suspended, albeit with her being placed under restrictions).

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4. For a critical assessment, see Aung Naing Oo, "After the NLD has gone," *The Irrawaddy*, May 5, 2010. In the aftermath of the NLD's de-registration, some party members have opted to create a new political platform to contest the elections: the National Democratic Force.
5. UN Secretary General, "Secretary-General calls for all-inclusive process in Myanmar," March 10, 2010, SG/SM/12783.
6. Aung Zaw, "The upcoming elections will be devoid of credibility," *The Irrawaddy*, April 2010, http://www.irrawaddy.org/article.php?art_id=18226.
7. Statement by George Yeo in Singapore Parliament, March 5, 2010.
8. Quoted in Estrella Torres, "New Burma Election law 'a farce,'" *Business Mirror* (Philippines), March 12, 2010.
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13. Statement by ASEAN Chair, Singapore's Minister for Foreign Affairs George Yeo, Singapore, July 21, 2008, <http://www.aseansec.org/21809.htm>.
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15. Joint Communiqué of the 42nd ASEAN Foreign Ministers Meeting, Phuket, July 20, 2009, <http://www.aseansec.org/PR-42AMM-JC.pdf>.
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17. Vietnam Ministry of Foreign Affairs, "Concerning Aung San Suu Kyi Verdict," August 13, 2009.
18. The Asia Society, *Current Realities and Future Possibilities in Burma/Myanmar: Perspectives from Asia* (New York: The Asia Society, March 2010); also see Jürgen Haacke, "ASEAN and political change in Myanmar: toward a regional initiative?" *Contemporary Southeast Asia* 30 (3) (2008): 351–378.
19. Larry Jagan, "Leaders take softly, softly approach to Burma," April 10, 2010, <http://globalgeopolitics.net/wordpress/2010/04/10/south-east-asia-leaders-take-softly-softly-approach-to-burma/>.
20. *Pancasila* embraces five principles: belief in the "One and Only God;" just and civilized humanity; the unity of Indonesia; democratic life led by wisdom of thoughts in deliberation amongst representatives of the people; and social justice for all Indonesians.

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22. MFA spokesman's comments on the National League for Democracy, Singapore, March 30, 2010. My emphasis.
23. International Crisis Group, *The Myanmar Elections*, Update Briefing, Asia Briefing No. 105 (Jakarta/Brussels: International Crisis Group, May 27, 2010).
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25. "Myanmar faces scrutiny," *The Straits Times*, April 9, 2010.
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28. See Christopher Roberts, *ASEAN's Myanmar Crisis: Challenges to the Pursuit of a Security Community* (Singapore: ISEAS, 2010), xix, who argues that 'the government in Myanmar represents the greatest challenge to solidarity and elite level cohesion currently faced by ASEAN.'
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31. *Ibid.*, 111.
32. Robert E. Kelley and Ali Fowler, "Nuclear Related Activities in Burma," (report for the Democratic Voice of Burma, May 2010). Available from <http://www.dvb.no/burmas-nuclear-ambitions/burmas-nuclear-ambitions-nuclear/expert-analysis/9297>.
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39. Christopher Roberts has described the relationship as one of “mutual disengagement” (p.152). Lee Jones uses the term “critical disengagement” in his article, “ASEAN’s albatross: ASEAN’s Burma policy, from constructive engagement to critical disengagement,” *Asian Security* 4 (3) (2008): 271–293. Also see Jürgen Haacke, “ASEAN and the Situation in Myanmar/Burma,” in *Myanmar/Burma: Challenges and Perspectives*, ed. Xiaolin Guo, 131–158 (Stockholm: Institute for Security & Development Policy, 2008).

40. Tim Huxley, “*Disintegrating Indonesia? Implications for Regional Security* (Adelphi Paper 349) (Oxford: Routledge, 2002).

41. A Singapore spokesperson said then that “unless all parties immediately exercise restraint and resume dialogue, we fear that the situation may slip out of control of all parties. If this happens, the consequences both for Thailand and for ASEAN will be extremely grave.” Statement made at the Singapore Ministry of Foreign Affairs, May 14–15, 2010.

42. Notably, the Arakan Rohingya National Organization (ARNO), which has accused the Myanmar military regime of persecution and crimes against humanity, also described as “merciless” the treatment meted out to Rohingya asylum seekers by the Thai security forces when in early 2009, the Thai navy pushed back to sea boatpeople without food in engine-less vessels.

BURMA, THE INTERNATIONAL COMMUNITY, AND HUMAN RIGHTS (WITH PARTICULAR ATTENTION TO THE ROLE OF FOREIGN AID)

Morten B. Pedersen

Since 1988, a divided international community has taken three different approaches to Burma—all supposedly intended to improve the abysmal human rights situation in the country and uplift the welfare of the Burmese people:

1. Western countries, to various degrees, have shunned the military regime and imposed a series of escalating economic and other sanctions, mainly aimed at forcing the regime to relinquish power to a democratic government;
2. Burma's neighbors, by contrast, have moved to normalize relations with the former hermit state, arguing that economic cooperation provides the best path to a more stable, prosperous, and ultimately, freer and rights-abiding country;
3. International organizations have mostly taken a middle path, working with the military government (as well as broader groups in society) for the explicit purpose of advancing the country's political, economic, and human development.

None of these approaches have produced major successes, in part because of the enormity of the task at hand, in part because they have tended to work at cross-purposes with each other. Yet, they have all had

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important human rights and welfare consequences, positive as well as negative, many of which remain largely unrecognized in the international policy debates.

My primary task in this essay is to evaluate principled engagement, specifically the role of foreign aid. However, in order to do that properly, we need first to understand the alternatives to principled engagement. No external action or policy, short of military occupation, is likely to have major direct impact on human rights in Burma. The pertinent question for policymakers, therefore, is not so much “what works” but rather, “what works best.” Reviewing all three approaches also helps us identify important linkages and trade-offs among them.

SOME ANALYTICAL ISSUES

Before we proceed, some brief definitional and methodological clarifications are necessary. First, I understand human rights to include not only political and civil rights, personal integrity rights, but also socio-economic rights. This is in line with the International Bill of Human Rights, as well as with the realities on the ground in Burma where bad politics (repression) and bad economics (poverty) are interdependent, each being both the cause and effect of the other. Secondly, in assessing effectiveness, I consider not only (a) direct effects on human rights (outcomes), but also (b) the impact on the propensities and capabilities of domestic groups to protect, facilitate, or fight for those rights, and thus, on the prospects for longer-term progress (conditions), as well as (c) any synergies with other approaches (linkages). Importantly, we cannot just look at positive effects but also must pay attention to any negative effects on human rights in the target country, including counterproductive effects, collateral damage, and opportunity costs. Finally, each approach needs to be assessed on its own terms. While all three approaches purportedly work to promote human rights, they have different strategic objectives and ultimately, are based on different theories of how change is most likely to happen. As we shall see, much of the criticism of principled engagement is based on a failure to recognize this crucial point.

OSTRACISM

The West's strategy of ostracism has been focused essentially on bringing about regime change. The underlying assumption is that external isolation will either compel the military rulers to relinquish political control or destabilize the regime, paving the way for democratic reforms and an overall improvement in the human rights situation, including peace and development.

Yet, 20 years of shunning and sanctions have left the Burmese military firmly entrenched in power, while the opposition has been further marginalized and reduced to a shadow of its former self, leaving western countries with no effective domestic partner in the push for regime change. Sanctions may have helped induce the military regime to cooperate in certain limited areas, such as opium eradication, prison conditions, and forced labor. However, in the two former cases, cooperation was ultimately undermined by the refusal of sanctioners preoccupied with democracy to respond in kind and thus, grasp the opportunity to consolidate and deepen the gains. Only in the case of forced labor, in which the threat of sanctions has been carefully calibrated to progress specifically on that issue, and complemented with robust principled engagement by the International Labor Organization (ILO) with the relevant Burmese authorities, have sustainable results been achieved.

Some believe further sanctions could make the difference. However, any talk of substantially stronger measures is unrealistic, given the resistance of Burma's neighbors. In any case, it is unlikely that more external pressure would cause the regime to cave in. As numerous quantitative studies have shown, sanctions rarely succeed in eliciting major concessions,¹ particularly when they are used against authoritarian regimes,² and Burma is unlikely to be an exception. The Burmese military is highly resistant to change, bolstered by a firm belief in military supremacy, and faces no serious domestic challengers to its rule. Contrary to conventional wisdom, its extensive control of the economy makes it *less*—not more—vulnerable to economic pressure by allowing it to deflect any pain from opposition supporters to politically weak groups.

The main problem with ostracism, however, is not its inherent limitations but rather, its costs. Far from encouraging the military leaders to relinquish power, international interference in what the regime perceives

as Burma's sovereign affairs has caused a nationalistic backlash,³ heightening the resistance to change, undercutting potential reformers, and further discrediting Burmese democracy groups which have come to be viewed as "fifth-columnists." Indeed, the threat of foreign intervention has provoked further political repression and increased security spending to the direct detriment of human rights, while economic sanctions have become a scapegoat for the country's underdevelopment, thus reducing the pressure for economic reforms. The irony is that western threats feed into the founding ideology of the military regime, which needs external enemies to justify its harsh rule and divert attention from its economic and other failures.

The curtailment of international trade, investment, and aid has also caused severe collateral damage, often hurting innocent bystanders. The cumulative effects of U.S. and European trade, financial sanctions, and consumer boycotts, for example, have significantly hampered growth in export sectors such as agriculture, fishery, and garments, as well as tourism, which are a crucial source of jobs and income for millions of impoverished families. The devastating impact of the 2003 U.S. import ban on the garment industry, which eliminated 75,000 jobs overnight,⁴ is perhaps the most obvious example, but is likely to be only the tip of the iceberg. While the generals and their cronies undoubtedly have lost more in absolute terms, personal consequences have been far worse for small-scale farmers, fishermen, and workers who have been denied vital livelihood opportunities with grave implications for the life and health of themselves and their families. Adding spite to injury, the Burmese people for the past 20 years have been denied the international assistance normally provided to the world's most vulnerable, with Burma receiving only a few dollars in official development assistance per capita per year, less than any of the 55 poorest countries in the world.

Finally, the refusal by western countries to deal with Burma's military government (and anyone seen to be associated with it, including ceasefire groups, government-organized nongovernmental organizations, and much of the private sector) has left important avenues unexplored for influencing the minds of the country's elites and building institutional capacity within the state as well as in the wider society to undertake much-needed reforms. The steps taken by the current regime in the 1990s to end the long-standing civil war, revive the stagnating economy, and break Burma's self-imposed international isolation presented particularly important opportunities to

engage and help improve the structural conditions for human rights. Yet, these were not only largely ignored, but at times, actively circumvented with proponents of ostracism insisting that any progress under the existing regime would simply lessen the pressure for more important changes (i.e. democracy). Alas, the result has been less on all fronts: less peace, less development, and less freedom.

The combination of limited benefits and substantial costs for the Burmese people, at the very least, raises serious questions about the alleged moral superiority of an approach that is often held up as “simply the right thing to do.”

ECONOMIC COOPERATION

The track record of regional (mainly commercial) engagement in modifying the behavior of the regime is no better than ostracism and the costs may be even higher. Although this is, by definition, a long-term strategy, there are no indications that it is working in the intended direction.

The theoretical rationale for economic cooperation is to support what is implicitly perceived as the organic evolution of states toward greater conformity with human rights standards as they grow wealthier. According to this argument, international trade and investment promote economic growth, thus accelerating a modernization process which gradually builds internal pressure for democracy and the rule of law, as well as improving socio-economic conditions for the general population. Taiwan and South Korea are often quoted as examples of this dynamic.

In the case of Burma, however, the military state's stranglehold on key parts of the economy coupled with dysfunctional economic policies and the absence of appropriate mechanisms for redistributing national wealth has stymied growth and increased inequality. While partial market economic reforms coupled with increased foreign trade and investment have seen a small class of “new rich” emerge, many have close associations with the top generals and have little interest in—or too much to lose from—“rocking the boat” by pushing for further reform. The current pattern of Burma's economic integration into the regional economy, mainly through the export of natural resources and import of cheap manufactured goods, is also not conducive to the country's longer-term growth prospects.

Under these conditions, rather than promote political and economic development, international capital flows too often have simply enriched the leadership and regime supporters, reduced the pressure for economic reforms, and worsened corruption. Moreover, foreign direct investment has frequently been accompanied by environmental destruction and rampant human rights violations by companies (and their local partners), showing little accountability to local communities.

It should be noted that there are important differences among sectors. While natural resource extraction is controlled by the state and has few benefits for the broader economy or local communities, agriculture, fishery, manufacturing, and tourism have much stronger private sector participation and growth in these labor-intensive industries with substantial benefits for large numbers of ordinary people. Political instability and the weakness of the rule of law, including commercial law, however, place particular constraints on these latter sectors, which paradoxically, are also the hardest hit by western sanctions.

PRINCIPLED ENGAGEMENT

Principled engagement, which combines external pressure for change with active support for any positive elements, represents a “middle way” between ostracism and cooperation. The hallmark of this approach is direct engagement with those responsible for human rights as well as broader groups in society, in order to address concrete problems and improve the practical framework for human rights protection. While it relies largely on non-confrontational means, principled engagement involves pro-active efforts to identify shortcomings, improve policies and practices, and strengthen drivers of change.

This approach is theoretically attractive for several reasons. First, by directly addressing priority human rights problems, it has the potential to immediately alleviate the suffering of the Burmese people. Secondly, it is particularly well-suited to the structural challenges of promoting human rights, including the high complexity of this endeavor, the importance of securing local ownership of governance reforms (which otherwise may have little substance), and the need to reverse the legacy of decades of dysfunctional governance and build for the future. Finally, it presents

opportunities to enhance the benefits and lessen the costs of both western sanctions and regional trade and investment, building positive synergies between different approaches.

In practice, the impact has been weakened by the lack of support from both western and regional governments, which has left it largely in the hands of international organizations with limited leverage and resources. Although some form of principled engagement has occurred within five “streams” (political mediation, economic policy dialogue, aid programs, private educational activities, and socially-responsible businesses), it is only really the aid stream that has grown to any size, and even that remains rather feeble and overly short-term in focus. Moreover, the confrontational approach of the West, coupled with the lenient attitude of Burma’s neighbors, often seems to have conspired to undermine attempts by others to engage the military regime on human rights and related issues.

Nonetheless, the experience with principled engagement, so far, has been mainly positive and is indicative of the broader potential of this approach if it were pursued with greater coherence, comprehensiveness, and commitment. While headline initiatives, such as the UN Secretary General’s “good offices” mediation efforts and attempts by both the World Bank and the Japanese to engage the military government on macroeconomic reform, have failed to make a substantial impact—in part because of the constraints imposed on them by other agendas and approaches—the more “quiet” activities of foreign aid agencies on the ground have had significant results.

FOREIGN AID

Despite onerous restrictions by the Burmese government and donors alike, aid agencies have made substantial contributions to human rights and welfare over the past 20 years, as well as to the conditions for future progress, and at lower costs than critics often assume.

Basic needs

International humanitarian agencies delivering health information, medicine, water, sanitation, and other basic health-related services have helped hundreds of thousands of Burmese survive in good health (who otherwise

might have suffered unnecessary illnesses or death). In recent years, as more agencies have expanded their activities into more developmental areas such as microfinance, agricultural support, and education, they have also begun to affect and improve livelihood opportunities for some of the most vulnerable communities across the country. Although the sustainability of much of this work is questionable while the root causes of poverty remain, the benefits to individuals and households are real. Importantly, foreign aid projects increasingly involve substantive contacts with national and local authorities as well as close partnerships with Burmese NGOs which help build local capacity and improve sustainability.

Protection

According to community leaders, the mere presence of international organizations often helps to constrain the abusive behavior of local officials. In addition, many organizations intervene directly with local authorities on behalf of their beneficiaries. This is perhaps most evident in northern Rakhine state, where several agencies have been working under the umbrella of the Office of the United Nations High Commissioner for Refugees (UNHCR) to protect the rights of the Rohingya, and in eastern Shan state, where a similar coalition led by the United Nations Office on Drugs and Crime (UNODC) has been helping disenfranchised opium farmers cope with a local government-imposed opium ban. Another example is the efforts by the Food and Agriculture Organization (FAO), United Nations Development Program (UNDP), the Cooperative for American Remittances to Europe (CARE), and others using existing community forestry laws to help secure land tenure for local communities and protect them against illegal land confiscations. Although these types of activities do not generally change formal policies or institutions, they do help limit the arbitrary personal power exercised by corrupt local officials, which has caused much suffering all around the country, becoming a main source of local resentment against the government.

Sectoral policy reform

While much of sectoral policy reform takes place at a local and largely informal level, there has been broader national impact in some areas. Research and advocacy by organizations such as the Joint United Nations Programme on HIV/AIDS (UNAIDS), Médecins Sans Frontières (MSF), and Population

Services International (PSI) have been instrumental in improving government health protocols in critical areas, including HIV/AIDS, malaria, and tuberculosis which today reflect international best practices. Although underfunding and structural weaknesses in the national health system continue to hamper implementation, better protocols have saved countless lives. The ILO, similarly, has succeeded in getting the regime not only to declare forced labor illegal, but also, to some degree, to begin to enforce it. The last few years have seen a growing number of cases where offending officials have been punished and even a few in which victims of forced labor have been compensated. ILO officials believe that this will gradually change the culture of impunity within which many of these violations take place.⁵ Other areas where international engagement has had, or is beginning to have, a national impact include prison conditions, human trafficking, community forestry, and agricultural policy and extension work.⁶

Socialization

In addition to these immediate outcomes, aid is influencing the broader structures and conditions of governance, which will be crucial to future progress on human rights. Conversations about aid, development, and human rights are gradually exposing ever-widening circles of military officers and government officials to international ideas and experiences, building the will and confidence (among some at least) to experiment with new policies and cooperative arrangements. The potential of such engagement was evident in the early 2000s when former intelligence chief General Khin Nyunt who, for many years, was the front man for the regime's engagement with the international community, oversaw a period of unprecedented openness and international cooperation. In fact, this may be the single, most important effect of international engagement in a country where no major change is likely to be possible without the support of senior military leaders. Some of the younger commanders coming up through the ranks are showing similar signs of responding positively to cooperation with international (and local) development actors within their areas of responsibility.

Empowerment

Progress is evident on the demand side as well. While advocates of ostracism have mainly aligned with the NLD and exile groups around the

democracy agenda (which, as noted, has had little impact on human rights so far), organizations engaged on the ground are working with broader segments of society, ranging from community development projects at the village level to efforts to strengthen more formal civil society organizations and build networks among them. This work is not about regime change as such; yet, it is empowering people to take charge of their own lives and is starting a process of bottom-up democratization which will be crucial for future democratic reforms to become meaningful at the local level. Importantly, some of the national policy changes, for example on HIV/AIDS, have been brought about through broadly consultative and participatory processes, involving not only international and government agencies but also local NGOs and representatives of beneficiary groups. This is unprecedented in Burma and quite revolutionary in a country where even pro-democracy groups tend to work in a highly top-down fashion with little consultation with constituencies.

Capacity-building

Finally, international aid is helping to build the capacity of the state and of the society to respond if and when the political will emerges. The direct impact of this is limited by donor restrictions on engagement with government ministries and officials, but in some limited areas with substantial engagement, especially within the health sector, some administrative and technical skills are being built. Moreover, substantial capacity-building is taking place within civil society organizations, as well as among the local staff of international organizations. Along with broader educational schemes, including scholarship programs, this is building a cadre of future government officials as well as civil society leaders which will be crucial for the success of any future transition.

Costs

Critics have argued that aid legitimizes and enriches the military regime, thus delaying political change. Yet, while concern is justified and caution required, these claims are not generally borne out in practice. Contrary to some reports by exile groups, neither manipulation of aid for political purposes nor corruption is a huge problem *for those organizations that remain vigilant*, or at least, not greater than in a number of other fragile states. While foreign aid agencies face serious restrictions on the scope and type

of activities, including access to politically-sensitive areas and attempts have been made from time to time to exert direct government control over individual projects, they generally operate quite independently at the community level, are free to select their beneficiaries, and able to monitor aid flows. This is not to say that the government derives no benefits from foreign aid (or that it would not misuse or waste funds channeled through ministries without proper monitoring), but claims that aid shores up the military regime and delays democracy are exaggerated, unsubstantiated, and irresponsible. Indeed, in light of the substantial benefits discussed above, the political costs can seem trivial.

SOME STRATEGIC CONSIDERATIONS

Principled engagement is, by nature, an incremental approach since it works within the existing political structures rather than seeking to overthrow them. Yet, as military leaders are drawn out of their shell and activities on the ground expand and accumulate across sectors, it can become a catalyst for broader internally-driven reforms. The latter is especially likely if more can be done to improve the structural conditions for human rights by consolidating the embryonic peace in the border areas and reforming the economy to strengthen and spread the benefits of growth. In the meantime, engaged agencies can help the Burmese people cope with a bad situation and protect them from the worst excesses of personal abusive behavior. While proponents of ostracism tend to dismiss anything that lacks systemic impact, this individual perspective has value, particularly when those benefiting count in the hundreds of thousands or even millions. Every person counts. Indeed, this principle lies at the heart of the ideology of human rights.

Quicker and more thorough-going change would be preferable, of course. However, there is no way for Burma to move from dictatorship to democracy in one step. If the country's tortured history shows one thing, it is that confrontation invariably leads to violent backlashes by the military and the devastation of political society—not to mention significant collateral damage brought upon innocent bystanders. Given this sadly predictable outcome, it makes strategic sense to retool and work for smaller, more incremental changes that, precisely because they do not

threaten the military's immediate interests, may be able to penetrate the regime and gradually transform the configuration of power and interests to a point where bigger change becomes possible. This approach also has the advantage of facilitating the building up of institutional capacity which will help ensure that future political and economic reforms can be sustained and be meaningful to the broader population, something which is, by no means, ensured.

Huge challenges remain in taking principled aid to scale. As anyone engaged on the ground in Burma can attest, paranoia, ignorance, and vested interests continue to hamper cooperation in many areas. Rather than the (undeserved) reward that critics often seem to view it as, aid can be a bitter pill to swallow for hardliners in the regime who are extremely sensitive to any perceived break of Burmese sovereignty and may well prefer the status quo to a more dynamic and modernizing Burma. Even among more progressive elements, decades of self-imposed and now enforced isolation have left a legacy of wariness of outsiders and limited capacity to effectively engage with the international community.

Still, there is some room for optimism. The past 20 years have seen a significant expansion in the number of international agencies working inside Burma as well as the type of activities they are able to undertake and the areas of the country they can reach. While progress has not been linear, pro-active engagement has built up a certain "momentum" which has carried it through difficult times, such as during the immediate period after the purge of Khin Nyunt which saw a pronounced backlash from hardliners opposed to the opening of the country. The generous international response to the devastation caused by Cyclone Nargis in May 2008 has built further linkages, goodwill, and trust between the government and the aid community with a lasting positive impact, especially on the kind of informal negotiations that, in Burma's weakly institutionalized system, are often more important than formal rules and regulations. Equally important, this tragic event has opened the eyes of the world to the many Burmese who have been working quietly, away from the headlines of popular uprisings and opposition politics, to improve the country. New linkages with this hitherto largely overlooked element of Burmese society will improve the ability of both the international community and domestic groups to work for change in the many small and fluid spaces in the porous authoritarian structures.

The upcoming elections and transition to a new constitutional and institutional setup, while clearly intended to maintain the military's hold on power, are likely to reinforce, broaden, and deepen these positive trends for several reasons. First, the new government will be concerned with establishing a new legacy and, in particular, will want to do better than its predecessor. Secondly, while the new regime may involve more continuity than change in the distribution of power, it *pretends* to be democratic and will have to make some gestures in that direction in order to keep up appearances. Thirdly, the introduction of political competition, however limited, will increase the pressure on policymakers to do more for the general public. This is already evident in the campaigns by pro-government candidates and parties, which in "true" democratic style, are heavily focused on promises of benefits to their constituents. How much change occurs will depend significantly on who takes up the top posts in the new regime especially the presidency and whether the army will rally behind them. However, those who hope and work for further openings are not simply engaged in wishful thinking.

CONCLUSION

There is a need, generally, in the international community for more honest assessments of the consequences of existing policies on Burma and clearer thinking about how change can be brought about. The paradigm of change favored by many democracy activists, envisioning the defeat of the incumbent regime followed by wholesale reform by new elected leaders, is entirely unrealistic, given the distribution of power and interests in Burma today and the deep-rooted structural obstacles to democracy, peace, development, and human rights. The expectation that authoritarian leaders will eventually come to respect universal human rights and "do the right thing" is equally unrealistic and too often, little more than a cover for the naked pursuit of national interests. Principled engagement may be neither politically nor economically attractive to foreign policymakers, but it is a practical approach, which puts human rights, humanitarianism, and the welfare of the Burmese people at the center and is true to the spirit of the International Bill of Human Rights, which holds that all human rights are inalienable and indivisible.

This not to say that principled engagement provides the answer to all of Burma's human rights problems, or that it is the optimal approach to every issue all the time. In some areas, stronger international pressure may be necessary to induce the government to cooperate, possibly including carefully targeted and calibrated sanctions. Also, it must be acknowledged that the impact of foreign aid on development and poverty reduction in any country is secondary to that of other capital flows such as trade, investment, and remittances. These caveats underscore the need for a comprehensive international approach that exploits synergies between different tools and influence mechanisms.

Yet, rather than the “poor cousin” to sanctions (or trade and investment) that principled engagement is often portrayed as, the evidence suggests that it must be the linchpin for any effective human rights strategy. While well-targeted, coercive pressure may create incentives for change, the net effect is likely to be counterproductive unless others are willing and able to engage with the government to help reduce the nationalistic backlash, co-opt local reformers, and identify compromise solutions. In a similar vein, principled engagement holds the key to promoting economic reforms and capacity-building, which can enhance the benefits of international trade and investment, both nationally and at the grassroots.

NOTES

1. According to one survey, sanctions aimed at bringing about regime change or similar major reforms were successful only in five out of 115 cases globally between 1914 and 1990. See Robert A. Pape, “Why Economic Sanctions Do Not Work,” *International Security*, 22(2) Fall 1997.

2. All regimes depend on their ability to provide valued goods for key constituencies. However, in authoritarian states the “winning coalition” is typically relatively narrow and can be bought off with private goods. The overall economic welfare of society matters little since ordinary people have no political voice. Such regimes, therefore, are often resistant even to large economic losses. See David Cortright and George Lopez, *The Sanctions Decade: Assessing UN Strategies in the 1990s* (Boulder, CO: Lynne Rienner, 2000); Susan Hannah Allen, “The Determinants of Economic Sanctions Success and Failure,” *International Interactions* 31 (2005): 117–138.

3. This is a nearly universal response to sanctions, and particularly pronounced in post-colonial states such as Burma where sensitivities to any perceived neo-imperialist interference are often high.

4. Morten B. Pedersen, *Promoting Human Rights in Burma: A Critique of Western Sanctions Policies* (Denver: Rowman & Littlefield, 2007), 234. See Toshihiro Kudo, “The Impact of US Sanctions on the Myanmar Garment Industry,” *Asian Survey*, 48 (6) (November/December 2008): 997–1017.

5. Richard Horsey, “The ILO and Forced Labor in Myanmar,” in *Principled Engagement: Engaging Pariah States on Human Rights*, ed. Morten B. Pedersen and David Kinley ((Tokyo: United Nations University Press, 2011 [forthcoming])).

6. For an overview of some of these activities, see David Allen, “Same Place, Some Changes: Positive Engagement Examples in Myanmar and Thoughts for the Future” (paper presented at the Burma/Myanmar Update Conference, Australian National University, August 11–12, 2009).

ANTICIPATIONS AND ANTICIPATED RESPONSES: THE UNITED STATES AND THE 2010 BURMESE ELECTIONS

David I. Steinberg

INTRODUCTION

The Obama administration's initiative to review U.S. policy in six countries, of which Burma/Myanmar¹ was one, was taken as a welcome sign among most observers of the Burma/Myanmar scene with the exception of those deeply committed to endorsing even more stringent measures against Naypyidaw.² They were unrealistically fearful that the Obama administration would completely reverse the policies of the previous Republican and Democratic regimes. This was politically impossible in the United States at that time.

Welcome and obvious, but modest, signals, however, had been sent by both the Americans and the Burmese that increased contacts were desirable. The Burmese foreign minister had an unprecedented meeting with a mid-level State Department official in March 2009, and the United States indicated it would consider signing (and later did) the Association of Southeast Asian Nations (ASEAN) Treaty of Amity and Cooperation, which it had not done in large part because of Myanmar's ASEAN membership, which the U.S. adamantly opposed, in 1997. The beginnings of such contacts moved the possibility of progress forward. The constraints of the domestic U.S. political scene resulted in a modified policy from isolation and regime change under both the Clinton and the Bush administrations to "pragmatic engagement," essentially meaning the continuation of the sanctions regimen together with dialogue at a relatively high

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diplomatic level aimed at the amelioration of human rights violations and governance excesses associated with the junta. In a quiet shift, “regime change” and the honoring of the May 1990 elections swept by the opposition National League for Democracy (NLD) were discarded. As Assistant Secretary of State Kurt Campbell said in his testimony before the Senate Foreign Relations Committee’s Subcommittee on East Asian and Pacific Affairs (January 21, 2010):

As you [Senator Webb] are well aware, the Administration’s formal review of U.S. policy towards Burma reaffirmed our fundamental goals: a democratic Burma at peace with its neighbors and that respects the rights of its people. A policy of pragmatic engagement with the Burmese authorities holds the best hope for advancing our goals. Under this approach, U.S. sanctions will remain in place until Burmese authorities demonstrate that they are prepared to make meaningful progress on U.S. core concerns. The leaders of Burma’s democratic opposition have confirmed to us their support for this approach.

Now, as this essay is written in June 2010, a sense of frustration over the lack of progress seems evident in both the American and Burmese camps. In Washington, there is increasing talk of even further sanctions beyond those instituted in 1988 (cutting off military sales and support, as well as the U.S. economic assistance and anti-narcotics programs), 1997 (prohibiting new investment), 2003 (denying imports and the U.S. banking system to the Burmese state), and 2008 (focusing on jade and ruby import restrictions). Some of these actions denied U.S. visas for high-level Burmese officials and their families, and contained other provisions. These new concerns focus on the rules and preparations, publicly released during the week of March 10, 2010, for the elections that the State Peace and Development Council (SPDC) has promised in 2010 and the subsequent inauguration of the new government under the constitution that had been approved by referendum in 2008 and that will come into force following those elections.

All U.S. administrations since 1988 have treated the Burmese military regime with varying degrees of opprobrium: from dismay, disdain, and disgust over past policies to skepticism of any of its future actions. However undiplomatic and demeaning was former Secretary of State Condoleezza

Rice's inclusions of Burma/Myanmar as one of the "outposts of tyranny," that phrase not only summed up the position of much of the U.S. foreign policy community—it established a characterization of the regime that continues today. The causes of this opprobrium not only include broad human rights abuses and the state's neglect of the well-being of the population, but also the violent suppression of what was a failed peoples' revolution and its brutal aftermath in 1988, the lack of public recognition of the results of the May 1990 elections, the Depayin incident in 2003 when the NLD entourage of Aung San Suu Kyi was set upon, the Buddhist monks' "saffron revolution" of 2007, the belated response to Cyclone Nargis in May 2008, and most recently to the virtually Stalinistic counting of the votes for the 2008 constitution.

As in so many countries mired in problems of human rights and civil wars, the crisis in Burma/Myanmar has been a major focus of human rights associations. These well-organized voices have had an exceptional impact on Congress from the diligent lobbying activities of the Burmese expatriate community. Although they do not have the internal political capacity in the United States to influence elections as does the Cuban expatriate community in the politically pivotal state of Florida, those Burmese expats, who have left for political or economic reasons or both, have been remarkable in the success of their pressures on Congress.

The sympathy with which the political and human rights problems have been greeted in the United States, as well as the economic deprivation in a country that many would have predicted a half century ago should have been the richest in Southeast Asia, has not been dependent on these factors alone. Burma/Myanmar has been in the popular attention because of the singular appeal of Aung San Suu Kyi, who has now become the world avatar for democracy under repressive regimes. Her appeal has become the bedrock of concern about that country, and it is probable that more people abroad know her name than that of the new designation of that country—from Burma to Myanmar.

Aung San Suu Kyi has become the most important determinant of U.S. foreign policy toward that country. She has been mentioned in the *Congressional Record* some 1,598 times from 1988 until January 2010, and her support is interestingly bipartisan in a Congress that has been polarized in recent years.³ As one former official noted, "Many of us have looked to her for guidance as to what our policy should be."

The focus of U.S. policy on Burma/Myanmar, in contrast to other authoritarian regimes in the Asia region, was solely on human rights and governance until Cyclone Nargis in May 2008, after which political issues were supplemented with humanitarian concerns.⁴ For some two decades, the United States has essentially concentrated on the mantra of regime change by stating that the military junta should honor the results of the NLD victory in the May 1990 elections, and thus, step down, and then the U.S. would have dialogue with them. This is documented in most of the biannual reports that the U.S. Department of State is required to send to Congress. This non-sequitur, naturally, was ignored by the Burmese military. In other areas of Asia, the human rights and governance issues are tempered by other U.S. national interests, such as security, trade, and investment, as well as regional relations. Although it would be almost inconceivable that these issues were not raised by the United States in the Myanmar context, but if this has occurred, it has taken place in classified materials, not in public discourse. But in a democracy such as the United States, public discussion of national interests has normally been important if any administration is to have the support of the American people in foreign policy.

ANTECEDENTS TO THE 2010 ELECTIONS

Before the Obama administration's policy review was completed, significant elements of the U.S. establishment had already determined that the planned 2010 elections would not be "free and fair." On April 3, 2009, seventeen members of Congress wrote to Secretary of State Clinton to that effect, and a campaign had begun to charge that the elections could not be carried out in an appropriate manner. This occurred before the kangaroo court trial of Aung San Suu Kyi during the summer of 2009, before Senator Jim Webb's August 2009 trip to Myanmar, prior to the September 2009 announcement of a new policy toward that country and Assistant Secretary Campbell's November 2009 visit, and before the promulgation of 2010 election laws in March 2010. Indeed, that skepticism was rampant in non-American circles as well, with even one ambassador in Yangon saying that the Myanmar government would not be held to a "high international standard" of elections.⁵

Whatever may occur in the 2010 elections, ironically the military's record on elections, which may not be precedent, has been more nuanced in the two previous ones they sponsored. In 1960, the military "caretaker" government oversaw an election in which the party they did not want to win in fact did so, electing U Nu's party at that time. In May 1990, although the campaigning was clearly controlled (and Aung San Suu Kyi stood up to the military that on one occasion threatened to shoot her), the counting of votes by any consideration must be regarded as fair, for otherwise, how could the opposition NLD have garnered some 57 percent of the votes and 80 percent of the contested seats much to the chagrin of the junta? In that election, Senior General Saw Maung, then head of state, is supposed to have ordered the military not to interfere with vote counting.⁶

The referendum of May 2008 on the new constitution, which established the military's leading role in governance and includes a provision against prosecuting previous (military) administration officials for their actions, was handled in a very different manner. The virtual "Stalinistic" voting pattern of 98 percent participating shortly after Cyclone Nargis and a 92.4 percent approval rating of the constitutional referendum clearly flies in the face of any credible results. The junta's public political commitment to that document had to be reflected in some remarkable level of popular approval, otherwise, the whole "seven-step road map to discipline-flourishing democracy" would have collapsed and internally delegitimized the leadership. Thus, those in the lower levels of the military and civilian hierarchy had to have been seen by their superiors to have performed properly their Potemkin-like duties, and the level of approval had to be overwhelming. Those pressures are likely to continue in the planned 2010 elections.

The cry in the United States has been that the 2010 election be "free, fair, and inclusive." This statement, to which few democratically-oriented persons would conceptually object, remains officially undefined. Ambiguity in policy, as "strategic ambiguity" in security matters, is sometimes useful in providing escape routes from confrontational situations, but in this instance, while it may have placated members of Congress, in fact it has allowed a variety of interpretations so that every member of that body, the executive branch, and various nongovernmental organizations can all interpret the proper meaning of that phrase according to their own proclivities. In effect, it means that no Burmese government would be able to satisfy all the varying stipulations that would be placed on that definition

unless the 2008 constitution were abrogated, rescinded, or modified. The SPDC has invested too much in its legitimacy and in public propaganda on that document to have this happen.

These varying concerns ranged from the stipulation that Aung San Suu Kyi should run for the highest office (the president and two vice presidents are indirectly elected by the legislatures, and under the constitution, which ironically is to come into effect only after the elections of 2010, she is ineligible), to the participation by the NLD, other opposition parties, effective voices for the minorities, sufficient time to campaign, the openness of the campaign period and conditions including the ability to freely distribute campaign literature (thus retraction or relaxation of the press censorship laws), the registration procedures, and the fair counting of votes. Of most concern after the prohibition of Aung San Suu Kyi was the provision in the law that those serving prison sentences were ineligible both to run for office and to be members of a political party. Since there are said to be 2,100 political prisoners in jail (the government, of course, denies that they are incarcerated for political reasons), and many of whom are, to some degree, associated with the NLD, this would have rendered the remains of that party virtually emaciated.

In the welter of concerns over the eligibility of parties and their membership, the western media has ignored a modest element of potential fairness: vote counting will take place in local precincts and in the presence of members of the various registered parties, rather than centrally where surveillance of counting is less possible. The constitution also stipulates local *hluttaus* (parliaments) at the ethnic state and Burman regional levels, and also at six smaller ethnic minority areas. Although each *hluttaw* will have its requisite 25 percent active-duty military, the junta could claim that this is the most local government any of these groups have had since independence. While this may be true, this is not the level of “federalism” that many of these groups wanted and that the military abhors. None of them will have any significant power at the national level, despite potentially having very limited authority at local levels. How these administrative units will interact with the 13 regional military commands is critical, yet unaddressed, in the constitution.

Concerns about fairness also relate to the state’s capacity to mobilize resources through its surrogate presences, government-sponsored or -controlled mass organizations, of which the most important is the Union Solidarity and Development Association (USDA), mandated to do the

tatmadaw's bidding and under its direct control. It is said to have 24.5 million members, and since a large percentage of the population is young and below the voting age (18 years), it probably constitutes up to some two-thirds of the adult voting groups in the country. Membership in the USDA may in part be inflated and socially coerced, so that simple membership may not necessarily mean a vote for a government-authorized or supportive party, but is evidently an important potential force for the mobilization of support. It has spawned a political unit—the Union Solidarity and Development Party (USDP), headed by Prime Minister Thein Sein.

Anecdotes abound about what in the United States would be called “pork barrel” projects—efforts by the government at local levels around the country to provide facilities/services, and designed to convince voters to support state-sponsored parties and candidates. Many members of the military hierarchy, including ministers, will resign from the *tatmadaw* to run as civilians. Stories abound about even supplying voter registration cards to the Rohingya, the stateless Muslim minority on the Bangladesh border who have been denied even the status of a minority group, but who will be allowed to vote to increase the junta's claim to victory.⁷

THE NATIONAL LEAGUE FOR DEMOCRACY AND ITS DECISION

The undermined NLD, decimated by the junta over years, had remained a legal political party, along with nine other, ineffectual parties. Unless it were to register for the 2010 elections by May 6, 2010, however, it would no longer be a valid party and whatever assets it might have accrued would probably revert to the state.

That the party had continued legally to exist since it won the May 1990 elections is both remarkable in the face of the blatant harassment by the junta, and in large part is due to the involvement of Aung San Suu Kyi. Even when she has been under house arrest, and that has been for approximately 14 of the past 21 years, her views, or her purported opinions when she has not been able to have contact with the executive committee of the NLD, have been the guiding force in the NLD.

Faced with the prospect of the 2010 elections, the NLD had a dilemma. The party's executive committee had stipulated that to participate in the

elections, all political prisoners (including Aung San Suu Kyi) should be freed, and the newly approved constitution should be subject to review and changes. The junta had invested too much in the constitution and scripted it too heavily to ever agree to changes before it came into effect. Although some political prisoners might be released (and General Tin Oo was extricated from house arrest and more may follow), it was evident that Aung San Suu Kyi would be kept under some form of house arrest until around the time of the elections.⁸ For the NLD to agree to participate in the elections meant going back on its position, rescinding its legal case that the constitution was not proper, and effectively abandoning its claim to victory in the May 1990 elections. To participate would mean effective abandonment of its previous positions but continued legal status.

The government election laws effectively emasculated the already weak NLD. The provisions that no member of a political party could be in jail effectively eliminated many of the NLD leaders (whether house arrest is considered as jail was a question some raised, but Aung San Suu Kyi would not have been able to run in any case, but she later indicated she would not under any of the present circumstances).

When Aung San Suu Kyi told her confidants that she would not consider running under these unjust laws, U Aung Shwe, the chair of the NLD executive committee, said he would abide by her wishes, and then on March 29, the NLD “unanimously” (in a kind of “democratic centralism”) agreed not to participate. Recognizing they would be disbanded as a party, and understanding that they would not be allowed to register as a nongovernmental organization, they said they would continue their democratic efforts as a “mass movement”; that is, one without formal organizational authority.

The election laws were decried in the United States as intending to disenfranchise the NLD. This interpretation is likely accurate. There are those within the NLD who have opted either to form another opposition party or join one that has already been formed. Given the strong elements of personalized power and authority in Burma/Myanmar, they may be regarded as “traitors” to the NLD, and this, as one observer noted, would be a major error.⁹ Aung San Suu Kyi’s lawyer, Nyan Win, quoted her as saying that their actions were “incompatible with the democratic process.”¹⁰ In any case, there will be opposition parties, both in Burman areas and among the minorities, who will put forth candidates many of whom are

likely to be elected. As of May 27, 2010, 40 parties have registered to run. It is unlikely, however, that they will be able to coalesce as a voting bloc, or maintain a majority in either of the two national *hluttaus*.

THE ONCE AND FUTURE U. S. POLICY OPTIONS

The Obama administration's attempt to formulate a new policy toward Myanmar was probably grounded in the realization—so long publicly unarticulated in Washington political circles—that the sanctions policy has been a failure in reaching its stated goal of regime change and the installation of a democratically-elected government in Myanmar. The continued imposition of new sanctions piled upon previous ones was, in effect, an exercise in futility and in outrage against specific events in Myanmar. Although the moral high ground may have been taken by those who supported such efforts, and their motivations may have been both sincere and altruistic, it would have been virtually impossible for the junta to agree to such conditions. In that highly nationalistic country, giving in to such foreign pressures would have removed any semblance of political legitimacy from the *tatmadaw*, which had been rewriting history and stressing its past, present, and future roles in protecting the state from just those internal and external elements attempting to subvert or even influence it. Thus the continuing sanctions policy has been both moral and politically opportunistic in light of the extensive and effective lobbying groups in the United States.

Some have argued that sanctions had failed because the countries around Myanmar, specifically China, India, and Thailand, as well as ASEAN and the UN, would not agree with them. The assumption here has been that universal sanctions would force the junta to surrender to foreign pressures. But various high cabinet figures, including former prime minister Khin Nyunt, had indicated that Burma had “gone it alone” for many years under the previous Burma Socialist Programme Party regime (1962–1988, militarily controlled), that they had sufficient rice and resources, and that they would do so again if that were necessary, saying, “We will stand up to you Americans.”¹¹ Sanctions have rarely worked in forcing policy changes.

Sanctions have negatively affected the lives of the Burmese by cutting jobs in a country with a high unemployed and underemployed labor force.

The United States has also frustrated efforts to improve the well-being of the people by other means, at least before the Nargis tragedy. The Global Fund of \$90 million over five years was designed to try to alleviate three of the major health scourges of that society: malaria, tuberculosis, and HIV/AIDS. This effort was informally vetoed by some members of Congress when they charged that effective monitoring could not be carried out in that country. The falsity of that claim was soon demonstrated when a number of European countries and Australia formed the “Three Diseases Fund,” which was designed to treat the very same diseases at a cost of \$100 million over five years. Evaluations have shown that the program was successful as far as it could financially go, and now the United States is considering approval of the Global Fund once more.

Myanmar had dropped opium production by some 80 percent. In 2002, in an effort to take Burma off the U.S. narcotics list, the most senior Burmese officer to come to Washington in years was invited to work out a protocol for such negotiations. After the Burmese expected that Myanmar would be so approved, elements in Congress stopped that effort, citing methamphetamine production by the Wa minority, for, as some influential former U.S. officials have said in other contexts, nothing positive can be said about that “abhorrent” regime. The result, of course, was that those in the Burmese administration who were attempting to improve relations with the United States were badly hurt.¹²

Junta leaders may believe that they have already signaled their interest in improving relations. They have met with senior American congressional and executive branch officials. The senior general has reduced by half the court sentence of Aung San Suu Kyi in the summer of 2009. Dialogue has begun. The junta has given permission for U.S. leaders to meet with Aung San Suu Kyi, which for the former, probably was a concession but not so considered in U.S. circles. So the junta may be waiting for the United States to respond in kind.

The United States, however, believes that it has also sent signals to the Burmese by such visits and by articulating a new policy that is, in U.S. terms, a significant amelioration of past policy, like signing the ASEAN Treaty of Amity and Cooperation, as well as President Obama meeting with the Burmese prime minister at an ASEAN summit. No longer does the United States officially call for regime change (although it still calls the country “Burma”), and it is now willing to engage in a long process

of dialogue at senior levels. So each side awaits a significant policy change that would allow new levels of association to occur. To the junta, a probable significant U.S. action would be to change the sanctions regimen. To the United States, a significant action would be the release of Aung San Suu Kyi and other political prisoners. Both administrations, however, are bound by their own internal criteria that make such actions difficult at the present time. Each administration needs a rationale to modify its rigid positions, but none is forthcoming.

The Burmese junta has invested an enormous degree of prestige and effort in the approved constitution and the planned 2010 elections. Every day leading up to the referendum on the constitution, citizens were bombarded with statements that it was their duty to support the new constitution, and that the military was the parent of all citizens and was promoting this in the interests of the people and the country. There are still concerns within the leadership that Aung San Suu Kyi could disrupt this very carefully scripted election process and the formation of a new government should she be allowed to campaign before the elections, even if she were not to attempt to run for any office. Such a new government based on a new constitution, together with the infrastructure built by the military, the new capital at Naypyidaw, the extensive foreign exchange holdings of the state, national unity, ceasefires with most of the minorities, and Myanmar as a “modern” nation are to be the legacy that Senior General Than Shwe may want to leave behind. He might well argue that this period before the elections should be dedicated to their preparations to ensure their success, and that the new government that will be formed as a result of the elections will be the one to negotiate better relations with the United States. But by then, new sanctions may be imposed, making such negotiations even more difficult.

To the United States, Burma is still a “boutique” issue, one that appeals to a relatively small clientele compared to the major foreign and domestic issues facing the administration (and even those solely focused on East Asia), and for which only a modest amount of political ammunition is to be expended.¹³ To rid, or even to modify, the sanctions policy built up in successive waves and with bipartisan support would be to exacerbate internal U.S. political tensions and the polarization already so evident in Washington and in the country. Although, as one congressman said in the early 1990s, sanctions would pass because a few people want them

and no one could be seen as voting for a “pariah regime,”¹⁴ those few who have wanted sanctions have grown in number and have rallied under the unarticulated banner of Aung San Suu Kyi. These reactions have grown because of a series of destructive actions by the Burmese junta itself that have increased the level of concern.

Although President Obama has publicly called for the junta to release Aung San Suu Kyi, the height of presidential involvement was under the Bush administration, when both George W. and Laura Bush became engaged with dissidents and others in Washington, New York, and in Thailand. Laura Bush held an unprecedented press conference on the subject and wrote an op-ed in the *Washington Post*.¹⁵

On May 14, 2010, President Obama renewed the sanctions by invoking the required mantra that “The actions and policies of the Government of Burma continue to pose an unusual and extraordinary threat to the national security and foreign policy of the United States.” This was not a result of any external threat, but is instead based on internal U.S. legal requirements combined with political expediency. Prior to 1977, unilateral sanctions could be invoked by the executive branch under the Trading with the Enemy Act of 1917; now, however, this requires a congressionally enacted state of war. Presently, the president may impose sanctions under the Emergency Economic Powers Act of 1997 only if such an extraordinary “threat” exists.¹⁶ Therefore, when internal politics calls for executive branch-initiated sanctions (in contrast to an act of the legislature declaring war), these words must be invoked whatever the reality.

Although Assistant Secretary of State Kurt Campbell earlier indicated that the process of dialogue with Burma was likely to be arduous and slow and had no illusions as to quick and massive changes either within Burma or in U.S. policy, there were elements within Congress that were frustrated by the elections laws promulgated in March 2010, and wanted the imposition of new, tougher sanctions, especially those involving targeted bank sanctions along the lines imposed on North Korea. That cry has not ceased, and a preliminary meeting has taken place among interested executive branch organizations on what might be done, although at this writing, such procedures are still in their preliminary stages. Of course, there are those within the Washington beltway who look for any chance to criticize the Obama administration for its failure in affecting change in Myanmar. The actions of the junta, the continued house arrest of Aung San

Suu Kyi, and the seeming lack of concern over the plight of the Burmese peoples have all provided ample material for their concerns.

Assistant Secretary Campbell's return trip to Naypyidaw in May 2010 seems to have accomplished little. He met with Aung San Suu Kyi and gave strong verbal support to the opposition, but met only with ministers of the government, not with the prime minister or the head of state. He raised the issue of North Korean sanctions, but seemed to get from this trip no "deliverables"—any concessions from the Burmese authorities. Campbell was quoted as saying, "As a direct result [government unilateral actions without consultations with stakeholders], what we have seen to date leads us to believe that these elections will lack international legitimacy."¹⁷ This seems likely to be another factor in Republican criticisms that Obama's Burma policy initiative has failed.

But what "leverage" does the United States have for actions in that country?¹⁸ The answer is very little. Although an article in the August 2007 issue of *Foreign Affairs* admitted that sanctions had failed, it called for the United States to take the lead in dealing with Myanmar.¹⁹ Yet the lack of trust in the United States is so strong in that country that the U.S. has squandered any influence it might have had. There are palpable concerns in Myanmar that the United States might mount an invasion of that country. As absurd as this might appear to Americans burdened with wars and commitments elsewhere, this feeling is real in the inner circles of the *tatmadaw* as demonstrated by a leaked junta memorandum expressing such a fear should the junta allow the direct delivery of relief supplies from U.S. naval vessels to the Irrawaddy delta following Cyclone Nargis. Congressman Dana Rohrabacher, perhaps the most bellicose exponent of regime change in Myanmar in Congress, called for the Burmese military to overthrow the junta and pledged that the United States would be behind them.²⁰ Even the blatantly absurd movie "Rambo IV," the most violent exposition of anti-Burmese military action, caused concerns in Yangon and the movie was, naturally, banned. The digging of tunnels in Naypyidaw, either with or without North Korean help, is evidently directed as a defensive effort against the United States, the only power who might theoretically (from a Burmese perspective) be interested in overt action against the junta.

As concerns grew, Congress in the 2008 Lantos sanctions bill called for the appointment of an ambassadorial level official, not presently employed by the State Department, to be coordinator of sanctions policy and one

who could negotiate directly with the Burmese. By including the term “ambassadorial level,” Congress was ensuring that such an appointment would have to have senatorial approval. Yet the anomaly was that any such individual who would be approved by the Senate would be unlikely to be able to carry out negotiations with the Burmese. The Bush administration, in its waning days, nominated former National Security Council member Michael Green to that position, but he never was approved because the financial crisis prevented Senate hearings on his nomination. The position remains unfilled, but on March 26, 2010, nine senators called for a new nomination and heightened sanctions.

The United States has backed the NLD and Aung San Suu Kyi. It has supplied assistance (\$36 million authorized this fiscal year) through the National Endowment for Democracy and others to dissident (and humanitarian) elements along the Thai border. Significantly, the law indicates that any new programs with these funds “shall only support activities that are consistent with the principles and goals of the National League for Democracy in Burma.”²¹ Our bellicose language and use of such terms as “rogue,” “pariah,” “failed,” “thuggish” state simply indicate our intent toward that regime in their eyes, as does the insistence on using “Burma” rather than “Myanmar” (how long did it take the United States to stop using “Peking” and call the Chinese capital “Beijing”?). Even the supposedly neutral study by the Asia Society called for continued support to the NLD.²²

The United States is not going to do anything to or in Myanmar that would seriously upset U.S. relations with China, and the question of Chinese influence and massive penetration of Myanmar seems to have been excluded from all administration public policy statements until raised by Senator Webb in September 2009. There is evidence that China would like to see reforms, not to encourage a non-military administration, but to ensure that there is no popular uprising against the present government or any new one formed after the elections. Beijing’s discussions with the Burmese have been *sotto voce*, probably a more effective way to deal with the junta as it does not give rise to the necessary public nationalistic response, as do the U.S. diatribes against the regime. The Chinese evidently want the same thing in Myanmar that they want in North Korea: a quiet, pliant regime and a border that excites no refugee problem and in which Chinese economic interests and strategic concerns can be protected.

Although the sanctions legislations have been emotionally responsive to Burmese tragedies, they have also been inconsistent (e.g., those who are banned from receiving U.S. visas have neither been coordinated nor publicly listed as required), ineffective (e.g., the 2008 Lantos bill as documented by the Government Accountability Office of the U.S. government), or unimplemented (the ambassadorial coordinator). Yet the pressures grow for more, exacerbated by a lack of progress in internal positive change and the charges of Burmese intent to pursue some nuclear weapons production, although far distant if at all, and possible North Korean involvement in that effort as well as in assistance in tunnel construction.²³ Senator Webb at the last minute while in Bangkok cancelled his planned visit to Myanmar in early June 2010, asserting that the release of a television program on North Korean nuclear issues while he was in Myanmar was inappropriate and that the U.S. Department of State needed to clarify the U.S. position on that subject. Senator Webb is reported to continue to be interested in meaningful dialogue. On June 8, 2010, Senator Webb wrote to Secretary of State Clinton:

In May 2010, Assistant Secretary of State Kurt Campbell raised allegations that Burma has violated its commitment to UN Resolution 1874 regarding acceptance of shipments of military items from North Korea. Although not explained in his statement, and not validated by subsequent information news reports alleged that Burma received a shipment of arms from North Korea. This allegation, which from my understanding has yet to be publicly clarified and substantiated by the State Department, has frozen any prospect of further engagement with the Burmese Government. Prior to me [sic] recent trip, I and my staff worked for weeks to seek public clarification of this allegation, but the State Department provided none. At the time I left for my trip to Asia, no other country had joined the United States in this allegation, although it had been discussed with several other countries. The State Department still has not publicly clarified this matter.²⁴

The preparation of the report on Burma's nuclear interests had been well known in both official and unofficial circles for a considerable time.

So the undefined free, fair, and inclusive elections have already been violated. There will be more pressure from within Myanmar to make

the results of this election pleasing to the senior general and his entourage. The personalization of power and the hierarchical structure of the command system, together with Burmese societal patterns, mean that it is far more likely that the military will want to ensure a victory than in the past.²⁵

This does not mean that there may not be somewhat more space in the parliaments that are elected at various levels, even with 25 percent active-duty military in all legislative institutions. Opposition voices will probably be heard within the walls of these institutions. How much the new government will allow those voices to be spread to the populace through the media is an important matter, for it would mean changing the press censorship laws and rigid state control.

Over time, we may see a modest relaxation of state control, and in the interim, the United States and other countries will provide assistance to Burmese civil society groups (NGOs) and to international NGOs operating within that country, often with the stipulation that no assistance go to state-run or -influenced institutions. The assumption that such assistance will over time foster pluralism and democratic openings is widespread, but it is based on the premise that such nongovernmental organizations have a differing set of unarticulated approaches to power, authority, hierarchy, and control. This has yet to be demonstrated. In addition, research on Chinese civil society indicates that those organizations outside of state control are most effective when they cooperate with the state to some degree. This is presently against U.S. policy in Myanmar.²⁶

Scott Marciel, U.S. ambassador to ASEAN, said that “Burma’s new election laws are a step backward.” And Richard Horsey has summed up the situation:

These elections, while they will not be free and fair, nevertheless represent the most important political shift in a generation. A new political space will be created—however constrained it may be—along with a set of new State institutions. The ageing military will also hand over the reins of power to a new generation. . . . This strongly suggests that while the authorities may try to manipulate the campaigning process and influence which parties register—and they have already taken steps to ensure the playing field is not level—they are not planning to manipulate the count itself.²⁷

At the same time, the Congressional Research Service notes that options for new sanctions include:

A ban on the import of products containing timber or lumber from Burma; prohibiting “United States persons” [including corporations] from entering into economic–financial transactions, paying taxes, or performing “any contract” with Burmese government institutions or individuals under U.S. sanctions; requiring all U.S. entities to divest their investments and cease operations in Burma; and restricting the provision of transactional services to foreign financial institutions that hold assets on behalf of senior Burmese officials.²⁸

As the period for announcing and holding the elections according to the government’s timetable of 2010 closes, U.S. concerns grow, and it may only be the pressure of other crises (oil spills, Iran, Gaza, North Korea, etc., as well as internal U.S. congressional elections in November 2010) that may cause Congress to delay actions until the Burmese elections have been held. Even so, the outlook for U.S. policy changes both as a result of internal dynamics or Burmese actions seem dim. Aung San Suu Kyi still strongly influences U.S. policies, and her castigation of the election process will be important to the United States even if it might free her to play a different role in Myanmar. As the International Crisis Group noted:

Regardless of the party’s [NLD] future, however, Aung San Suu Kyi will continue to wield considerable moral and political authority, within the country and internationally. Indeed, the fact that she is no longer associated with the opposition could potentially enhance her role as a national figure, standing above party politics. She had contemplated taking such a step in the past, when the dialogue between her and the regime appeared to have some momentum, but had been reluctant to abandon her party—a concern that is no longer relevant.²⁹

Basic questions in the U.S.–Myanmar relationship remain unaddressed, let alone answered, making alleviation of the tensions more difficult. The United States does not seem to understand how the Burmese military view themselves and their role (their “mindset”), incorrectly attributing all that

is publicly enunciated as cant and propaganda for solely venal purposes. There is, no doubt, a great deal of that in some members' thinking, but it seems also intermixed with their perceptions (however erroneous) of the *tatmadaw* as the savior of national unity and sovereignty. These features are likely inculcated through the military educational system.

The Burmese junta does not seem to understand the political limitations of any U.S. administration and the need for adherence to democratic principles. Both sides assume the worst of intentions from the other—whether a U.S. invasion, or subversion of the regime, or Burmese nefarious plans to develop weapons of mass destruction. So in this transitory negotiating period before the Burmese elections of 2010, what did each side expect of the other during the enhanced dialogue mode? What assumptions, expectations, or promises did each make in the relationship? Does each side understand that the sad history of this bilateral relationship affects what can be done over the short term? What seems likely at this writing is that little progress will be made before the Burmese elections, and that any positive changes after the installation of a new Burmese administration will require both time and mutually enhanced understanding.

So the forecast for Myanmar by its military leadership is, internally, for fair weather ahead with the attainment of its “discipline-flourishing democracy,” but for those in opposition to military rule, there are distinct clouds on the horizon. For the United States officially, those clouds may presage a storm.

NOTES

1. The military in 1989 changed the name of the state from “Burma” to “Myanmar,” an old written form. Although much of the world and the UN accepted this change, the opposition National League for Democracy and the United States did not, keeping the older form. This has become a surrogate indicator of political persuasion. Here, without political intent, “Myanmar” will be used for the period since 1989, “Burma” before, and “Burmese” for all citizens of that country, as the language of that state, and as an adjective. Many other names were also changed; e.g., “Rangoon” to “Yangon.”

2. These countries were Myanmar, North Korea, Iran, Syria, Sudan, and Palestine.

3. See David I. Steinberg, “Aung San Suu Kyi and the Making of U.S. Policy toward Burma/Myanmar” (draft, June 2010).

Anticipations and Anticipated Responses:
The United States and the 2010 Burmese Elections

4. The United States supplied \$75 million in assistance for relief efforts and later added \$10 million.

5. Personal interview, Yangon.

6. Maung Aung Myoe. *Building the Tatmadaw. Myanmar Armed Forces since 1948* (Singapore: Institute of Southeast Asian Studies, 2009).

7. This was also true in 1990. Registered foreigners, such as Chinese and Indians, will also be allowed to vote. For an analysis of the election laws, see Richard Horsey, "Preliminary Analysis of Myanmar's 2010 Electoral Laws" (paper prepared for the Social Science Research Council (SSRC) Conflict Prevention and Peace Forum, March 31, 2010). Available from <http://www.networkmyanmar.org/images/stories/PDF3/rhl.pdf>.

8. Personal interview, Myanmar, March 2009.

9. Personal interview, Yangon.

10. Ko Htwe, "Suu Kyi Criticizes NDF Faction," *The Irrawaddy*, May 14, 2010.

11. Personal interview, Yangon.

12. When the Obama administration was considering possible lines of action, the author suggested that key members of the U.S. Congress be consulted in advance, for to have this situation recur would be devastating.

13. See David I. Steinberg, "The United States and Myanmar: a 'Boutique issue'?" *International Affairs* 86 (1) (2010): 175–194.

14. Personal interview, Washington, D.C.

15. Laura Bush, *Spoken from the Heart* (New York: Simon & Schuster, 2010).

16. Thiha Myo Nyun, "Feeling Good or Doing Good: Inefficiency of the U.S. Unilateral Sanctions Against the Military Government of Burma/Myanmar," *Washington University Global Studies Law Review* 7 (455) (2008): 469–470. The United States used exactly the same language in renewing the sanctions against North Korea on May 24, 2009 in relation to nuclear issues, but consciously did not spell out the reasons against Burma/Myanmar.

17. Brian McCartan, "US Engagement with Myanmar Falters." *Asia Times*, May 18, 2010.

18. The term "leverage" implies the United States can move regimes, but the historical record demonstrates that in smaller states, but for ones critical to the U.S., the "criticality" means that leverage is not effective. No drastic action is likely to be imposed on Myanmar that would compromise Chinese interests there and U.S. relations with China more broadly.

19. Michael Green and Derek Mitchell, "Asia's Forgotten Crisis," *Foreign Affairs*, August 2007.

20. Lalit K. Jha, "U.S. Congressman Calls for Burmese Military Revolt," *The Irrawaddy*, April 23, 2010. The danger that those inside Myanmar might believe the United States would back such an event with force could be disastrous for those involved, as the likelihood of any such military engagement by the U.S. is far-fetched indeed. The analogy of the U.S. involvement in fostering the Hungarian revolution in 1956 and then only helping refugees is an object lesson. For more

information, see David I. Steinberg, “Burma and Lessons from the Hungarian Revolution,” *The Irrawaddy*, October 2006.

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CONSIDERATIONS FOR FUTURE ECONOMIC ENGAGEMENT WITH MYANMAR

Bradley O. Babson

Debates in the United States over economic engagement policy with Myanmar over the past 20 years have tended to focus on the relative merits of “carrots and sticks” to achieve human rights objectives and internal political changes linked to national reconciliation among ethnic groups, and a democratic transition that most Americans would consider legitimate. Economic engagement is also tied in many minds to the fate of Aung San Suu Kyi, or to interpretations of her views on the merits of economic sanctions or boycotts. In the American policy discourse, “sticks” have definitely won out over “carrots,” and frustrations with non-responsiveness of the leadership have been met with adding more “sticks” over time.

American policy toward economic engagement with Myanmar is also quite different from the posture taken toward Vietnam during its “opening-up” period in the early 1990’s and China since the early 1980’s, where other American business and political interests trumped human rights and democracy concerns. Nor is it congruent with efforts to change that other rogue regime in Asia—North Korea—by offering large economic incentives, in addition to sanctions, to achieve the security and political goals that the United States is pursuing in collaboration with China and other regional powers. In the Asian context, Myanmar seems to be an outlier of American economic engagement policy. The inconsistencies are very apparent to Asians across the board as well as to the Myanmar people themselves.

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While response to humanitarian concerns and recognition of the value of community-level economic assistance programs have in recent years been added to the list of politically acceptable engagement with Myanmar in the international community, generally American support remains rhetorically tepid and financially niggard, and the overall international effort has been half-hearted. While Cyclone Nargis galvanized both international and American humanitarian largess, the half-life of support for the recovery effort has been short, and also weak on the underlying need to restore sustainable livelihoods for those in the affected areas.

Pressing for economic reforms that would improve the lives of ordinary Myanmar citizens, and opening up to international norms for transparency and rules-based accountability in financial and economic relationships have not been part of the explicit American agenda, except in the case of anti-money laundering vulnerabilities where the Myanmar authorities have, in fact, been quite responsive. While American bilateral economic assistance and policy dialogue have been essentially non-existent for years, other countries—notably China, India, and Thailand—have pursued such engagement to advance their own perspectives and interests.

Multilaterally, economic policy discussions do take place in the context of Myanmar's participation in the Association of Southeast Asian Nations (ASEAN). There does seem to be some sign of responsiveness by the Myanmar authorities to considering economic policies and management practices that would conform to ASEAN standards. The annual Article IV Consultation conducted by the International Monetary Fund (IMF) is also an important mechanism for contacts with the international financial institutions (IFIs) and their assessment of Myanmar's overall economic performance. Unfortunately, IFI policy advice has tended to fall on deaf ears in Myanmar's senior leadership for many years. Recently, however, there has been more interest in IFI perspectives and technical economic management assistance. Also, the United Nations Development Program (UNDP) and United Nations Country Team (UNCT) have been supporting the National Statistics Office of the United Nations and line agencies in conducting national household surveys and improving statistics related to the Millennium Development Goals, in addition to their efforts to address humanitarian needs throughout the country and support recovery from Cyclone Nargis in the Irrawaddy delta region. Improving the statistical base is one essential ingredient for productive discussions

of future economic policy choices. The United Nations Economic and Social Council for Asia and the Pacific (ESCAP) has succeeded during the past year in arranging several high-level roundtables for policy dialogue on agriculture reform and other important topics with officials from other Asian countries and notably with Nobel Prize-winning economist, Joseph Stiglitz. The willingness of senior Myanmar officials to engage in these discussions is a hopeful sign of growing receptivity to outsiders' experiences and ideas in the socio-economic area, even while the leadership continues to resist foreign influence on domestic political issues of concern to the international community.

Now Myanmar is at a critical juncture. With the recent promulgation of election laws, the next two years will set the stage for a new era in Myanmar's internal political and economic life that can lead to a process of either deepening or weakening what will certainly be a fragile democratic transition. With all the major challenges facing a future elected leadership in domestic politics, ethnic relations, humanitarian needs, and economic reform, and however flawed the constitution, the election laws, and the elections, the question for all concerned outsiders is: what kind of economic relationship and engagement policy will support this country to evolve in ways we would like to see and not consign the Myanmar people to a future of ongoing internal turmoil or resumption of military rule. For better or worse, we have come to the end of an era in economic engagement policy toward Myanmar and we will need to chart a new course.

CHANGING CONTEXT FOR ECONOMIC ENGAGEMENT

Looking ahead from the present, there are two distinct phases for considering new policies for economic engagement with Myanmar. First, we should recognize that the Myanmar government is now formally a transitional government, with an obligation to prepare for the post-election transfer of power and changes in economic governance that will accompany the implementation of the new constitution. This transitional phase may be short-lived with limited opportunity for foreign influence. It can be expected that during this pre-election phase, the focus of attention of the international community will be on promoting free and fair elections and

on supporting the pro-democracy groups participating in the campaign. The risk of major disappointments in this period is high. One possible response by western governments will be to call for additional economic sanctions to express displeasure with the framing of the election laws or with the conduct of the election commission. It is highly likely that any such response will be ignored by Myanmar's leadership.

Another type of response is to advocate and support a robust domestic policy debate among the contending parties on issues of economic importance for the future governance of the country. The absence of any meaningful domestic policy discourse has been a notable feature of the military rule. The more open the debates and the better quality of information and analysis to inform the public discourse, the more meaningful it will be in building expectations among domestic stakeholders for new directions in economic policy and governance after the elections. This is important at the regional level as well as the national level, as the socio-economic challenges are quite different in different regions of the country. Under the new constitution, local governments will have more say in policies and more control over resources for regional economic development.

A third area of possible economic engagement during the pre-election period is to support preparations by the civil service for implementation of the new constitution after the elections in as smooth a manner as possible. While some senior officials will certainly leave the government to run for elected office and those that remain are not likely to pursue reforms under what remains of their watch, many mid-level officials will be focused on the administrative and policy challenges that will accompany the democratic transition. As a result, there is likely to be a new openness to technical cooperation with outsiders that will provide new opportunities for influencing the course of the future. In this political environment such anticipatory engagement would be best carried out through multilateral mechanisms, such as the UNCT, ESCAP, ASEAN, and the IFIs. Maintaining mandate restrictions on the UNDP in supporting capacity building of the civil service and opposing technical involvement of the IFIs on exploring new approaches on macroeconomic policy and management issues would be mistakes in this environment, given the prospects for making in-roads on some critical areas of economic management that can underpin a successful democratic transition.

After the elections, whoever wins, Myanmar will begin a new phase of national life. In this phase, there will be two significant changes from the context of the past decades. First, the new constitution provides explicit “basic principles” for economic policy and governance that will set standards for performance of the governing bodies. The constitution also provides architecture for economic decision-making and central-state economic and financial relations that will place major demands on the civil administration at both levels. The second major area of change from the past is the incentives environment for economic policy and governance. Accountability to the electorate over time will shift the focus of economic policy and priorities for national development. Future economic engagement with Myanmar should be designed with these changes of context in mind.

ECONOMIC POLICY AND GOVERNANCE IMPLICATIONS OF THE NEW CONSTITUTION

Articles 35–37 of the 2008 constitution provide a number of important markers:

- “The economic system of the Union of Myanmar is the market economy system.”
- “The Union shall:
 - a. permit all economic forces such as the state, regional organizations, co-operatives, joint-ventures, private individuals, so forth, to take part in economic activities for the development of the national economy;
 - b. protect and prevent acts that injure public interests through monopolization or manipulation of prices by an individual or group with intent to endanger fair competition in economic practices;
 - c. strive to improve the living standards of the people and development of investments;
 - d. not nationalize economic enterprises;
 - e. not demonetize legal currency in circulation.”

- “The Union:
 - a. is the ultimate owner of all lands and natural resources...;
 - b. shall enact necessary laws to supervise extraction and utilization of state-owned natural resources by economic forces;
 - c. shall permit citizens right of private property, private inheritance, right of private initiative, and patent within the law.”

The constitution thus provides a strong commitment to the goal of building a market economy under the rule of law with guarantees for private ownership and opportunity. This will require pursuing policies that promote the market economy and private enterprise, including broader access to credit, fair competition policies, monetary stability, and public expenditures that will complement private investment.

It is also not surprising that we are seeing privatization of state assets in the pre-election period. While this may be a way for the current leadership to raise cash for the upcoming election campaign or just permit “grab and go” before the elections, it is likely that crony capitalism will be more difficult after the constitution is implemented. The prohibitions against monopolies and unfair pricing practices, and scrutiny by elected officials will strengthen the rule of law leading to more transparency and accountability on business practices.

The commitment not to demonetize the currency reflects recognition of the deep damage done to the trust between the state and the people during the currency reform of 1987 that still resonates today. This possibly portends openness to more rational financial system policies and monetary management in the future, or at least, a recognition that trust in the financial system matters and is important for economic security and development.

The constitution gives ultimate ownership of Myanmar’s natural resource base to the state and mandates that the law shall govern the extraction and exploitation of natural resources by economic forces, which applies to the state, private sector, and joint-venture actors. This provides the legal basis in which, theoretically, it will be possible for a future government to design policies that will reduce the risks of the “natural resource curse”—an important issue for Myanmar as well as for many resource-rich African countries whose populations do not benefit from the sale of national assets because of macroeconomic distortions and misguided financial management.

All of these topics are ones in which domestic policy debates and external economic engagement would seem to be both potentially fruitful and also legitimate within the framework of the new constitution. There is clearly an opening to help a new government shape responses to national economic principles and aspirations that are embedded in the constitution without being seen as pressing external international agendas onto the country. From a U.S.-perspective, the constitutional commitment to private sector development, rule of law, and improving the livelihoods of the Myanmar people are all objectives that we should be willing to endorse and support.

A second area where the constitution provides important markers for future economic governance is in the delineation of the economic powers and relations between the central government and the states and regions. Not only will there be legislative bodies at both levels with budget oversight and approval powers, but the constitution lays out specific tax and expenditure authorities for local governments and a framework for intergovernmental transfers and loans, as well as processes for submission and approval of budgets. These terms more clearly define the responsibilities of the executive and legislative branches as well as intergovernmental fiscal relations.

Also important is the establishment of a financial commission with defined membership and responsibilities. This provides a high-level economic coordinating mechanism that will address both national and intergovernmental financial management in accordance with the responsibilities assigned to administrative and legislative bodies at both levels. It will also provide a natural counterpart organization for future economic policy dialogue with the international community at a high level.

The restructuring and decentralization of fiscal responsibility present both great opportunities and challenges for economic governance. More decentralized decision-making will allow for more tailored strategies to meet local needs and take advantage of local conditions. Equity issues across states and regions will need to be addressed at the national level. There will be a need for coordination of national economic development strategies with regional ones. Also, finance and administration for economic and social service sectors will need to be adjusted to fit within the new governance framework, especially in agriculture, infrastructure, education, and health.

All of this suggests that there is going to be a huge effort needed to get this new system of economic governance functioning in practice. Capacity building will have to be a major priority at both the national and local governmental levels. The fact that the international community has by-and-large denied capacity building support to the government for the past 20 years combined with the erosion of the educational system over decades only adds to the depth of the challenges Myanmar will face after the new constitution takes effect. A major shift in international engagement policy to expand significant policy dialogue, technical assistance, and training to the civil service is needed to help anchor a successful transition to the new decentralized economic management system.

CHANGE IN INCENTIVES UNDER THE DEMOCRATIC TRANSITION

No matter how flawed the constitution might be or how free and fair the elections will be, the latter will change the incentives environment for future economic policy and governance in Myanmar. Delivering on promises to the people and demonstrating attentiveness to the welfare of the general population will become standards for both legislative oversight of the executive branch and performance of elected officials. This will be a very significant change for Myanmar, which has previously experienced democratically-elected government for only about a decade in its entire history.

Economic policies that build trust between the electorate and the government will be important to anchor the democratic transition. Likely priorities for the government will include:

- keeping inflation low;
- improving rural livelihoods;
- expanding both quantity and quality of education and health services on an equitable basis;
- promoting expansion of the private sector, especially in job-creating enterprises, access to credit, and infrastructure investments in water, power, transport, and telecommunications.

It is not surprising that there has been keen and consistent interest in the Myanmar government recently for moving forward with improvements in agriculture and rural development, the two sectors that form the largest part of the economy and share of the population. Nor should it be a surprise that there are signs of a shift in financing the perennial fiscal deficit from central bank financing—which is inflationary—to selling state bonds to banks—which is not. Nor should it be a surprise that the government is sending signals that it desires more international assistance in improving economic and social statistics and research that will help design more effective policies and programs. All these signs indicate an overall awareness that the national priorities will be affected by the upcoming elections, and even before the implementation of the new constitution, new dynamics are beginning to come into play. Recognizing this reality provides an opening for economic engagement that can amplify and help push forward long overdue reforms that bring direct benefits to the welfare of the Myanmar people.

GENERATIONAL CHANGE AND FUTURE ECONOMIC ENGAGEMENT

In due course, the future of Myanmar will rest in the hands of a younger generation that has, by and large, been denied opportunities for educational, economic, or social advancement for the past two decades of military rule except for those who chose the military path to career advancement. The younger generation, even within the military, must be more concerned about the future than the past. Empowering them to take charge of their future should be a goal of international engagement policy. Young people also should have options for social advancement and not feel that the military is the only route to success.

American support for scholarships in post-graduate studies in many fields and educational exchanges with universities and research institutes has long been a hallmark of successful engagement with Asia. Korea, Thailand, Indonesia, Malaysia, the Philippines, China, and Vietnam have all benefited from this educational outreach. Myanmar has not, except in very small numbers from elite families. Investing in Myanmar's future leadership development and supporting education

and training for economic and democratic institution-building are needed to encourage and empower the younger generation to work inside their country to make these changes possible. Opening access to educational opportunities and providing financial assistance to those who need it should be given much higher priority in international economic engagement policy. Supporting the development of the domestic education system both at the basic and post-secondary levels should also be given much higher priority in the future for international development assistance.

ROLE OF SANCTIONS IN A POST-ELECTION MYANMAR

After the elections, no matter how disappointing the process or the outcome, the question will remain: what to do about economic sanctions? This is likely to be a divisive issue, as there will be conflicting forces at play. Keeping pressure on the behind-the-scenes powers in the military and on cronies who have business ventures directly supporting the military, even after the elections, is good reason to continue applying economic sanctions that directly affect the military elite. On the other hand, sanctions that constrain a new civilian government in pursuing policies that will nurture the democratic transition, support private sector development, and deliver improvements to the welfare of ordinary people should be relaxed. The same logic applies to boycotts of Myanmar products and tourism.

At present, removal of sanctions is linked to purely political and human rights concerns. There is no explicit linkage to economic reforms that would remove major distortions affecting economic efficiency and growth, and advance poverty reduction and environmental improvements. One route to consider would be to link removal of sanctions to a structural adjustment and poverty reduction strategy that the government prepares with assistance from the IFIs, the United Nations (UN), and ASEAN, and that can be broadly supported by the international community. Such a bold approach might be resisted by the government but it could also provide an opportunity for a strong kick-start to a new era of economic governance in Myanmar.

APPLYING BEST PRACTICES TO FUTURE ECONOMIC ENGAGEMENT STRATEGIES

Much attention is being given to the question of how to apply lessons of international experience in political, security, and economic transition to countries facing multiple and daunting challenges like Myanmar. In the basic model for development effectiveness endorsed by the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD), the goal should be to build political will and capacity of the government to undertake best practices in development, and for donors to pursue harmonization and alignment of assistance to achieve efficient use of resources and sustainable development and institution-building in the country. Each of these basic building blocks poses challenges in the Myanmar context, but they do provide guideposts for discussions in the international community about how to pursue future economic engagement.

There is no doubt that the elections and implementation of the new constitution will change the political will equation inside Myanmar as already discussed above. Capacity is a major constraint that can only be overcome by a change of engagement policy by the United States and the international community more generally, together with significant funding for training and technical assistance for the civil service as well as educational opportunities for the longer term. Harmonization and alignment will require a different order of communication and cooperation among Myanmar's future economic partners. Particularly important will be encouraging deeper IFI involvement to bring the new government help in applying international norms and best practices in macroeconomic management, financial system reform, and large-scale economic development projects, even if these are being funded bilaterally by China and Thailand, for example. Also critical will be to establish a policy dialogue and aid coordination mechanism that includes all major economic partners, so that there is overall coherence in the future economic development strategy and implementation arrangements, with proper attention to international standards for environmental and social safeguards. This will require building up in-country presence and capacity of donors to work together and support reforms in a coordinated way in keeping with best practices learned the hard way in other countries. Myanmar should be the beneficiary of

the recent assessments in the international community of what works and what does not in economic development and poverty reduction.

CONCLUSION

We have come to a critical juncture in international economic engagement with Myanmar. We must recognize that this is an end to an era that has been characterized by two decades of frustration and disappointment with a lack of progress on national reconciliation, human rights, and a democratic transition that is genuinely inclusive. Despite all the criticisms of the new election laws, it seems inevitable the 2010 elections will usher in a new era of national governance, and the next two years will be critical ones for setting new directions for the future. Changes in economic policies and management will matter greatly in this period to build confidence that positive change can be real and sustainable.

The international community faces a choice of maintaining distance from the new government by continuing existing “sticks-based” economic engagement policies, or of seeking to make a positive contribution to domestic efforts to implement the new constitution, which does contain elements of economic policy principles that we can broadly endorse and support. The time has come to make a bet on the younger generation and seek to engage in ways that can help move Myanmar in a positive direction in economic policy, in governance, and in the pursuit of broadly-held national aspirations.

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