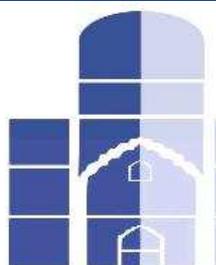


Burma/Myanmar's Ailments: Searching for the Right Remedy

Christopher Len
Johan Alvin

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March 2007



Central Asia- Caucasus Institute
Silk Road Studies Program

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Map



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Key Abbreviations

AFPFL	Anti-Fascist People's Freedom League
ASEAN	Association of Southeast Asian Nations
BCP	Burma Communist Party
BIA	Burma Independence Army
BSPP	Burmese Socialist Programme Party
EU	European Union
ILO	International Labour Organization
KMT	Kuomintang
KNU	Karen National Union
LTNLD	Union Nationalities League for Democracy
NCGUB	National Coalition Government of the Union of Burma
NLD	National League for Democracy
SLORC	State Law and Order Restoration Council
SPDC	State Peace and Development Council
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
UNODC	United Nations Office on Drugs and Crime
UWSA	United Wa State Army
WHO	World Health Organization

Executive Summary

1. While Burma/Myanmar is increasingly isolated diplomatically, the military government itself is becoming ever more reclusive and unresponsive towards external pressure. Internationally, there is growing consensus that more needs to be done about the dismal and worsening political, human rights and socio-economic situation. It should be recognized nonetheless that the problems facing Burma/Myanmar today are inherently domestic. There are limits as to how much external actors can assist.
2. At the core of the problem is the political confrontation among the three key domestic actors (the “Tripartite”): the military emphasizes the union of the state; the ethnic minorities want improved power-sharing rights; and the opposition groups stress democratization. Disputes arise among the three actors as to how to prioritize and best balance their respective goals. While the Tatmadaw (the Armed Forces) can be considered the biggest obstacle to change, the ethnic nationalities issue has remained the largest, most enduring and intractable political challenge facing the country since independence in 1948.
3. The international community’s sense of urgency in addressing the political, socio-economic and humanitarian problems plaguing the country must be tempered by realistic step-by-step goals and a clear understanding that there are no quick fixes. The country’s problems have been brewing for over 40 years. In talking about political reform, one must note that the Tatmadaw has been ruling the country since the 1960s and is unwilling and unlikely to give up its entrenched position. In economic and social reforms, we are dealing with disasters that have been neglected and mismanaged for many decades; they are challenges democratization will not automatically resolve.

4. It is unrealistic to expect the Tatmadaw to agreeably relinquish power overnight. In addition, one cannot presuppose that the opposition democrats would be able to assume office immediately and fill the power vacuum left behind by the military government. The two lessons from the 1988 SLORC “coup” are that the Tatmadaw leadership is not only willing to use force against protestors, but that it is also apt at reinventing and repositioning itself as “savior” in times of crisis. The use of extreme violence is especially likely now that it understands its own unpopularity and knows it cannot win an honest election under present circumstances. In addition, if the military government collapses, the aggravated social and ethnic fault-lines which already divide the country today - in part due to sanctions, isolation and the withholding of aid - could drive the country towards total collapse. Such an outcome would represent a pyrrhic victory for the pro-isolation/ anti-military government camp at best.
5. The military leaders have been showcasing the National Convention, a Constitution-drafting process, as part of its roadmap towards democracy. This process has been rejected by its opponents. Indeed, there are no obvious signs that the government would be willing to genuinely compromise with either the opposition parties or the ethnic nationalities. At most, we may witness another “transfer” of power to a regime with a civilian façade; very much like what Ne Win did in 1972 when he dropped his military title and had power shifted from the Revolutionary Council to a single-party “People’s Assembly” two years later.
6. This report advocates a policy of engagement with the present government to work towards sustainable dialogue. This does not mean appeasement in support of the status quo; rather, it advocates stability in change through gradualism. The international community needs to prioritize the challenges facing the country and decide how to deal with the most practical and urgent ones first.
7. In over-emphasizing democratization and human rights, those who support sanctions, isolation and the withholding of aid, have neglected the more basic and immediate human security needs of the population

and undermined the development potential – as well as the right to development – of the country. What is more, sanctions will not work without the support of the country's Asian neighbors, which have so far been skeptical on the use of sanctions and the strategy of isolation. In cutting off diplomatic ties with the country, the United States and Europe have also reduced opportunities to influence and engage the military leaders. Today, despite the West's attempts at isolation, the government not only appears entrenched, it remains robust.

8. If one is to accept the high risk of any sudden regime instability, possible state collapse, and further human insecurity as undesirable, gradualism as an approach should then be adopted. If so, the Burma/Myanmar *question (or debate)* could perhaps be reframed as a *process* instead, namely:
 - Reform *through* Relief
 - Democracy (and Human rights) *through* Development
 - Change *through* Continuity
9. Burma/Myanmar is not at the crossroads - the country has long wandered into the wilderness. It is the international community that is at the crossroads. While recognizing the need for action, there is no consensus as to what "action" would actually entail. This underlines the lack of credibility on the international community's part. The varied responses of members of the international community thus far have further complicated efforts in Burma/Myanmar's road to recovery. Opposing strategies between the West and Asian states have cancelled out each other's efforts, since Burma/Myanmar, and especially the military leaders, can rely on Asia to fulfill its needs, at least partially.
10. It is timely to organize another conference involving all the important international state actors to discuss a blueprint for the country. It is crucial that China, India, and ASEAN member states are fully involved in such a process, since they have political and economic ties with the military government, and as Burma/Myanmar's neighbors have valid concerns and special roles to play. The international

community should think beyond the “carrots and sticks” approach. It should start by resolving their differences. Only then can they stage a credible collective “intervention” based on *persuasion* to get the government to undergo genuine reform necessary for recovery. The success of the international community’s approach will largely be determined by the SPDC and the international community’s perception of each other’s motives.

11. The UN Security Council is not the best of places to resolve the Burma/Myanmar crisis. Nonetheless, the UN Special Envoy should continue to maintain contacts with the SPDC as a channel for diplomacy both formally and informally. The UN should also look into the further use of its various agencies to address the development and humanitarian situation in the country. While operating inside the country, they can also formally and informally engage not just the military leadership, but also mid-ranking officers, as well as the various ethnic communities.
12. It is accepted that democratization and a return to genuine civilian control is an essential ingredient for the treatment of the country’s many ailments. The issue here concerns timing and process. A sensible solution is to facilitate the improvement of civilian-military relations, leading to eventual democratic transition. Such an approach is more realistic than the abrupt displacement of the existing military regime in the hope that a civilian government would be able to assume control.

I. Introduction – Spotlight on Recent Events

The international spotlight on Burma/Myanmar has sharply intensified in the past one and a half years as a result of several notable events, particularly in the last six months of 2005. In July 2005, Burma/Myanmar was pressured by some members of the Association of Southeast Asian Nations (ASEAN) into relinquishing the 2006 chairmanship of the 10-member ASEAN. Two months later in September, a report titled “Threat to Peace: A Call for the UN Security Council to Act in Burma” commissioned by Vaclav Havel, the former president of the Czech Republic, and Bishop Desmond Tutu, South Africa’s pro-democracy and human rights leader and Nobel Peace Prize Laureate, was released. The report argued for a multilateral diplomatic initiative at the United Nations Security Council level to push for change in Burma/Myanmar.¹

In November of the same year, the military government suddenly relocated the national capital 320 kilometers north, from Rangoon/Yangon to Naypyidaw - a move interpreted as a sign of the leadership’s increasing reclusion. Burma/Myanmar’s flagging reputation took another blow when the United Nations Special Representative to Burma/Myanmar, former Malaysian diplomat, Razali Ismail, quit his post in December 2005 after having been refused entry into the country for nearly two years. He recently wrote that he does “not see any prospects of change (for Burma/Myanmar), as there are no internal dynamics operating there.”²

Finally, in a landmark decision on September 15 2006, the United Nations Security Council scheduled a formal review of the situation in Burma/Myanmar. This was after a year of lobbying by the United States to

¹ “Threat to Peace: A Call for the UN Security Council to Act in Burma”, prepared by DLA Piper Rudnick Gray Cary US LLP, September 20 2005, <www.burmacampaign.org.uk/reports/Burmaunscreport.pdf> (September 05 2006).

² Sean Yoong, “Former UN Envoy Recalls ‘Very Attractive’ Suu Kyi,” Associated Press, November 03 2006, <www.irrawaddy.org/aviewer.asp?a=6336&z=154> (November 03 2006)

have the country officially placed on the council's agenda³ on the basis that its poor human rights record, refugee crisis, illegal narcotics trade and HIV/AIDS problems constitute a threat to international peace and security.⁴ This was followed almost two weeks later, on September 27 2006, by a statement for the second session of the UN Human Rights Council by Paulo Sergio Pinheiro, the UN's special human rights rapporteur for the country (who has not been permitted to conduct a fact-finding mission to Burma/Myanmar since November 2003). In his latest statement, he said: "Grave human rights violations are indulged not only with impunity but authorized by the sanction of laws."⁵ Pinheiro went on to state that "It would be a terrible mistake to wait [for] the political normalization of Myanmar to help the population and to reinforce the strengths of the community."⁶

It is clear that while Burma/Myanmar is increasingly isolated diplomatically, the military government itself is becoming ever more reclusive and unresponsive towards external pressure. Internationally, there is growing consensus that more needs to be done about the dismal and worsening political, human rights and socio-economic situation. The country has been a growing source of concern since 1990, when the present military government, which took over the country in 1988, lost the first multiparty election held in nearly three decades. The National League for Democracy (NLD), led by Aung San Suu Kyi, won a landslide victory, but was prevented by the military from assuming power. Suu Kyi has been in and out of house arrest on orders of the present military government since 1989, having been detained for 11 of the past 17 years. In May 2006, the SPDC extended her latest detention, which started in May 2003, by another year.

Before we even discuss the potential remedies available, we must first have a clear diagnosis to the problem. This means understanding the political

³ Any council member can raise Burma/Myanmar as an item for discussion and regular reports on the situation in the country can be requested from the UN secretariat once it is put on the council's formal agenda.

⁴ Ten nations, including the United States, voted in favor of adding Burma/Myanmar to the Council agenda, while China, Russia, Qatar and the Democratic Republic of Congo (DRC) voted against it. Tanzania abstained.

⁵ "Burma: Laws authorize grave rights abuses--UN expert," Asia Human Rights Commission, September 28 2006 <www.ahrchk.net/pr/mainfile.php/2006mr/393/> (November 01 2006)

⁶ Ibid.

dynamics of the country, especially among the “Tripartite” - namely the Tatmadaw (the Armed Forces), the opposition democrats (especially Aung Sang Suu Kyi and the National League for Democracy) and the ethnic nationalities - as well as a clearly assessing the socio-economical challenges facing the population. Burma/Myanmar’s problems are long and complex. To understand how the country became what it is today, and in order to assess future options, we need to first examine the historical context, as its existing predicament is very much rooted in the country’s intricate history.

2. A Tumultuous History‡

British Rule (1885-1947)

As modern Burma/Myanmar is a product of British colonialism, we need to set the scene by going back in time to the 19th century when the British annexed the country in three stages⁷. Having annexed parts of Burma/Myanmar earlier in 1826 and 1853, the British finally ended the era of Burman⁸ kings in 1885 when they deposed King Thibaw of the Konbuang dynasty in Mandalay and made Burma/Myanmar a province of British India. The abolishment of the monarchy, which served as the head of state as well as the protector of the Buddhist faith, was to have significant consequences for Burma/Myanmar as it decapitated the existing social order in the country.⁹

Under British rule, the social status of the ethnic Burmans – previously the dominant ethnic group in Burma/Myanmar – was diminished, as the British, along with the Indians in Rangoon/Yangon and Chinese in Mandalay, came to dominate the economic sector, making the increasingly impoverished ethnic Burmans steadily less important in the colonial order. Furthermore, the British in ruling the indigenous population entrusted security to foreigners and local minorities – especially to the Karens, Kachins and the Chins, who were thought to be “valuable military material”.¹⁰ By 1938, there was just one Burman for every 39 non-Burmans in the Burma Army, which included foreign soldiers as well as the non-Burman indigenous population. Officer-wise, the ratio was worse with just one Burman for every 69 non-

⁷ The First Anglo-Burmese War was from 1824–1826, the Second Anglo-Burmese War 1852–1853 and Third and final Anglo-Burmese war was from 1885–1886.

⁸ The Burmans are the largest ethnic group in Burma/Myanmar.

⁹ Robert H. Taylor, “Pathways to the Present,” in *Myanmar: beyond politics and societal imperatives*, Kyaw Yin Hlaing, Robert H. Taylor and Tin Maung Maung Than (eds) (Singapore: ISEAS Publications, 2005), 4-5.

¹⁰ Shelby Tucker, *Burma – the Curse of Independence* (London: Pluto Press, 2001), 33.

Burmans.¹¹ During this process of alignment with the British, other indigenous groups, especially the Karens, Kachins and Chins - who supplied the most recruits to the local army and the police - converted to Christianity. Such conversion, along with baptism, was regarded by the Burmans as a badge of foreign allegiance.¹²

The seeds for civil conflict and ethnic nationalism were thus planted during the time of the British, particularly in the first decade of the 20th century. Burmans, who make up the largest community in the country and former overlords, were marginalized in the military, administrative and economic sectors, creating a deep sense of resentment. Foreigners made most of the important decisions; the English language was replacing Burmese as the language of the educated elite, while an alien religion (Christianity) was spreading in the country, particularly among the minorities, affecting the previous Buddhist social order of the *sangha* (community of monks).¹³ The Burmans also believed that such an inversion of the natural order could proceed only because the despised and treasonous minorities - who used to be the Burmans' former subjects - collaborated with the British invaders.¹⁴

A decade after annexation, the Burmans began to reassert Burman racial and cultural identity, which soon developed into an independent movement. It was in Burma/Myanmar where the British are said to have faced deeper and

¹¹ By 1938, the Burma Army was comprised of 1587 Britons, 1423 Indians and Gurkhas, 3040 "other" indigenous races (Karens, Kachins and the Chins) and 159 Burmans - this equates to one Burman for every 39 non-Burmans. Officers included 163 Britons, 36 Indians, 74 other indigenous races and four Burmans - one Burman for every 69 non-Burmans. *Ibid.*, 32.

¹² *Ibid.*, 33.

¹³ For the Burmans, *sangha* plays an important role in contributing to the order of society in their country. Social contact with and within the *Sangha* plays the essential role of transmitting the ethical and spiritual values of Buddhism to society and for the faithful practice of the contemplative life. While it is not supposed to interfere with state affairs, it assists the state in maintaining peace and prosperity." *Legal Issues On Burma Journal*, No.8, April 2001, <www.ibiblio.org/obl/docs/LIOBo8-pgutter.law%20andreligion.htm> (October 15 2006)

¹⁴ Shelby Tucker, *Burma - the Curse of Independence* (London: Pluto Press, 2001), 33; Robert H. Taylor, "Pathways to the Present," in *Myanmar: beyond politics and societal imperatives*, Kyaw Yin Hlaing, Robert H. Taylor and Tin Maung Maung Than (eds) (Singapore: ISEAS Publications, 2005), 6.

more consistent opposition than perhaps in any other of their colonies.¹⁵ When World War II arrived in Burma/Myanmar, nationalists, led by General Aung San in the Burma Independence Army (BIA), aligned themselves with the Japanese to expel the British in the hope of gaining independence. While the Japanese reneged on their promise to allow Burma/Myanmar independence, it was nevertheless during the Japanese occupation that the Tatmadaw gained first hand experience in the administration of the country.¹⁶ Soon after, Aung San and the BIA switched over to join the British forces who reoccupied the country in 1945. Despite the limited military role the BIA played, the participation of the BIA “subsequently formed the basis for claims by military leaders that the army liberated Burma and remains the nation’s natural guardian, with a right and duty to lead its affairs, political and otherwise.”¹⁷

The Second World War further stimulated ethnic nationalism among the minorities; especially among those along the frontier states who came into contact with British, American, Japanese and Chinese Nationalist (Kuomintang/KMT) armies. The various political elites of these groups throughout the country then began to make claims about the historic rights of the people to be considered under a soon-to-be independent country. As a result, the “federal” constitution adopted at independence in 1948 for the future Union of Burma was a compromise document, which General Aung San had to settle for with leaders from other nationalist groups at the Panglong Conference in February 1947. This was a bad start since “the logic of the unified state and economy came against the realities of a highly divided society with a variety of unmet and often inchoate ethnically perceived demands and expectations. The result was widespread and armed ethnically motivated insurgency.”¹⁸ Successive governments have attempted

¹⁵ “Myanmar: The military regime’s view of the world”, ICG Asia Report No. 28, December 07 2001, 3., <www.crisisgroup.org/home/index.cfm?id=2958&l=1> (November 23 2006)

¹⁶ Zaiton bte Johari, *The role of the Tatmadaw in the modern day Burma: an analysis* (Thesis), (Naval Postgraduate School, Monterey CA, March 2000), 19-32.

¹⁷ “Myanmar: The military regime’s view of the world”, ICG Asia Report No. 28, December 07 2001, 3., <www.crisisgroup.org/home/index.cfm?id=2958&l=1> (November 23 2006)

¹⁸ Robert H. Taylor, “Pathways to the Present,” in *Myanmar: beyond politics and societal imperatives*, Kyaw Yin Hlaing, Robert H. Taylor and Tin Maung Maung Than (eds),

to contain the ethnic rebels ever since. The situation was made worse by Aung San's assassination in July 1947, which marked for many the moment their country fell apart.¹⁹

The Early Post-Colonial Days (1948-1961)

Upon independence in 1948, Burma/Myanmar was governed under a British-modeled parliamentary system with the government hoping to blend the values and ideas of a liberal democracy with socialist values and goals.²⁰ The new government essentially inherited a war-ravaged country with an infrastructure, which once served as economic life-lines, severely damaged. Economic challenges aside, the new government was immediately faced with threats to the country's stability and integrity. The country was faced with a three-sided civil war between the ruling civilian Anti-Fascist People's Freedom League (AFPFL) of Prime Minister U Nu, the Burma Communist Party (BCP) and the Karen National Union (KNU). It was during this period that the political status of the Tatmadaw was further enhanced. U Nu appointed General Ne Win as Deputy Prime Minister and Minister of Defense to suppress the communists and the KNU insurgency. Furthermore, the military also fought against remnant United States' Central Intelligence Agency-backed Chinese Nationalist KMT troops in the Shan State: this elevated the Tatmadaw from being merely a pillar of the modern state to one that is the state's guarantor and protector with emphasis on national unity.²¹

The military was committed to U Nu's government until 1958, when there was a split in the AFPFL leadership as a result of internal disputes, as well as structural defects and the changing political climate. In what was described as a "consensual coup," the military, under the leadership of its Chief of Staff, General Ne Win, was called upon to take over for a six month period until new elections could be held. The military thus took over as "caretaker" government, wielding emergency powers voted for by parliament; it

(Singapore: ISEAS Publications, 2005), 9.

¹⁹ Alison Koistinen, "Peace profile: Aung San Suu Kyi," *Peace Review*, 15:3 (2003), 350.

²⁰ Zaiton bte Johari, *The role of the Tatmadaw in the modern day Burma: an analysis* (Thesis), (Naval Postgraduate School, Monterey CA, March 2000), 38-39.

²¹ Robert H. Taylor, "Pathways to the Present," in *Myanmar: beyond politics and societal imperatives*, Kyaw Yin Hlaing, Robert H. Taylor and Tin Maung Maung Than (eds), (Singapore: ISEAS Publications, 2005), 15

subsequently governed for 18 months during which senior military officers began to take over important posts in the various ministries, assuming political and administrative roles from the civilians. This military government was said to be honest, efficient and impartial but while it produced results, it did not win any popularity.²² When elections finally took place, former Prime Minister U Nu's faction in the AFPFL - called the "Clean AFPFL" (renamed the Union Party) - won in 1960 against its rival faction, the "Stable AFPFL".²³

However, U Nu's new government had problems controlling inflation, promoting economic development as well as managing the ethnic nationalists. He also declared Buddhism to be the state religion, an act which further alienated the minorities.²⁴ In response, the Tatmadaw in February 1962, staged a coup on the grounds that U Nu's government was conducting negotiations with political leaders in the frontier regions, something which the Tatmadaw regarded as a threat to the unity of the country. The military coup leaders, which called themselves the Revolutionary Council, also believed that U Nu was abandoning the original socialist ideals of the newly independent state, and that he had made religion into a political issue, thus sowing discord which would lead to further conflict with the non-Buddhist population.

The 1962 military coup thus sets the second era for the country's politics which Robert Taylor described as the "road to bankruptcy"²⁵ and which Josef Silverstein summarized as "military rule and the politics of stagnation"²⁶. As

²² Zaiton bte Johari, *The role of the Tatmadaw in the modern day Burma: an analysis* (Thesis), (Naval Postgraduate School, Monterey CA, March 2000), 44-46.

²³ Kenneth Janda, *Political Parties: A Cross-National Survey* (New York: The Free Press, 1980), 681-682. <<http://janda.org/icpp/ICPP1980/Book/PART2/5-AsiaFarEast/50-Burma/Burma.htm>> (October 01 2006)

²⁴ Robert H. Taylor, "Myanmar; Military politics and the prospects for democratization", *Asian Affairs*, Vol 29. Number 1, March 1998, 6; Robert H. Taylor, "Pathways to the Present," in *Myanmar: beyond politics and societal imperatives*, Kyaw Yin Hlaing, Robert H. Taylor and Tin Maung Maung Than (eds), (Singapore: ISEAS Publications, 2005), 15

²⁵ *Ibid.*, 15.

²⁶ Martin Smith, "Ethnic Political Platforms In Burma And Their Evolution Since Independence," *Burma Debate*, November 3 2006, <www.burmadebate.org/burmaView.php?article_id=25&page_no=1> (November 3 2006).

for the Tatmadaw itself, successive generations of officers have been nurtured to believe that the Tatmadaw not only won the country's freedom, but that it also restored unity after Britain's divisive colonial rule and safeguarded it in times of crisis.²⁷

The Tatmadaw and the 1988 Uprising (1962-1988)

Under General Ne Win's leadership, the military went on to nationalize and centralize the economic, political and cultural life of the country. In April 1962, it announced a new national ideology and plan of action called "The Burmese Way to Socialism", which consisted of mainstream socialist ideals like the nationalization of industries but also entailed strict authoritarian rule and the unorthodox isolationist approach of cutting ties with the rest of the world. The Burmese Socialist Programme Party (BSPP) was formed and made the sole political party in the country for the next 26 years, becoming an opponent to open society. In the early 1970s, Ne Win introduced the "Four Cuts" policy aimed at depriving rebels of information, food, finances and recruits. However, in practice, it meant the government was "systematically driving into destitution the civilian population supporting it. Forced relocations, forced labor and all forms of abuses against the civilian population became the order of the day."²⁸ The military ruled directly until 1972 when General Ne Win and senior military leaders resigned their military posts and formed a civilian government. In early 1974, a new constitution transferred power from the Revolutionary Council to a single-party "People's Assembly" led by "U" Ne Win²⁹ and the former military leaders within the BSPP. Burma was then renamed the Socialist Republic of the Union of Burma.³⁰

Under Ne Win's rule, starting in 1962, conditions in the country deteriorated

²⁷ "Myanmar: Sanctions, engagement or another way forward?" ICG Asia Report No. 8, April 26 2004, 10., <www.crisisgroup.org/home/index.cfm?id=2958&l=1> (November 23 2006)

²⁸ "Background on Burma," *Karen Human Rights Group*, <www.khrg.org/background_on_burma.html> (September 15 2006)

²⁹ "U" refers to "Mr." in Burmese (the female equivalence is "Daw"). Ne Win dropped his "General" title.

³⁰ Robert H. Taylor, "Pathways to the Present," in *Myanmar: beyond politics and societal imperatives*, Kyaw Yin Hlaing, Robert H. Taylor and Tin Maung Maung Than (eds), (Singapore: ISEAS Publications, 2005), 17-20

even more sharply, due to economic mismanagement by the military administrators, and the isolationist and inward looking foreign and defense policy. Major demonstrations broke out in cities in 1974 but were put down by the military with many arrests and killings. By 1987, as foreign exchange earnings became scarcer, the country encountered problems with debt repayment. Furthermore, international donors including Japan became unwilling to continue to underwrite the military government further, as it was regarded as having no capacity to reform itself.³¹ Burma/Myanmar's economy had sunken into such a dismal state that the country applied and succeeded in being designated by the United Nations as a "Least Developed Nation". Once considered the rice bowl of Asia due to its great wealth of natural resources, the country was formally ranked as one of the 10 poorest nations in the world. As the *Financial Times* noted in 1988: "Of those countries which have been granted Least Developed Country status by the United Nations . . . Burma stands out as the most improbable."³² According to Bertil Lintner of the *Far Eastern Economic Review*, Burma/Myanmar's new Least Developed Country status was perceived as a national humiliation and confirmation of the failure of the 26 years of the Burmese Way of Socialism.³³ In October 1987, Ne Win publicly admitted that the socialist system he presided over was not working. Amid food shortages and the government announcement a month before that certain denominations of banknotes would be withdrawn from circulation without compensation, social discontent reached boiling point. In a single stroke, the latter decision eliminated the population's savings and effectively wiped out 80 percent of the money in circulation.³⁴

Serious riots, first starting with students, began to spread to the general population and demonstrations took place repeatedly in the following

³¹ *Ibid.*, 20.

³² Quoted in: Nick Thompson, "What Makes a Revolution? Burma's Revolt of 1988 and a Comparative Analysis of the Revolutions of the Late 1980s," *Studies in Conflict & Terrorism*, 22:33-52, 1999: 33.

³³ Cited by Nick Thompson in: Nick Thompson, "What Makes a Revolution? Burma's Revolt of 1988 and a Comparative Analysis of the Revolutions of the Late 1980s," *Studies in Conflict & Terrorism*, Volume 22, Number 1, February 1999, 34.

³⁴ *Waiting for Democracy*, BBC, August 14 1998.

<http://news.bbc.co.uk/2/hi/special_report/1998/08/98/burma/145416.stm> (October 15 2006)

months. This show of discontent culminated into the notorious “8888 uprising” (also dubbed the “Rangoon Spring”) in reference to August 8 1988, when massive street demonstrations were held in the Burmese capital along with a general strike. Although Ne Win had already stepped down in July 1988, tens of thousands of people turned out to protest against the BSPP government, calling for it to resign and for change of the then-existing dysfunctional system which wasn’t working. The 8888 uprising has often been described as “pro-democracy” demonstrations, especially by solidarity groups in the West. However, in most cases, it was actually about the population expressing disenchantment with the current state of affairs and wanting change through the BSPP government’s resignation and calls for economic reform, rather than an ideologically driven uprising.³⁵ As Lintner reported, a student later admitted that he had to look up the word “democracy” in his dictionary after the protests.³⁶

Protests rapidly spread across the country, resulting in the brutal suppression of demonstrations by the security forces and imprisonment of protestors. The government maintains that only a few dozen people were killed.³⁷ However, according to human rights groups and opposition party supporters, the number of protestors killed numbered thousands, ranging from 3,000 to 10,000 depending on source. According to the International Burma Campaign in the United States, 10,000 to 12,000 students reportedly fled as a result of the failed uprising, either leaving the country, or joining the ethnic minority groups along the borders of Thailand, India, and China.³⁸ On September 18 1988, in response to the deteriorating situation, the military, under the leadership of former BSPP Defense minister, General Saw Maung, once

³⁵ Robert H. Taylor, “Pathways to the Present,” in *Myanmar: beyond politics and societal imperatives*, Kyaw Yin Hlaing, Robert H. Taylor and Tin Maung Maung Than (eds), (Singapore: ISEAS Publications, 2005), 21

³⁶ Cited by Nick Thompson in: Nick Thompson, “What Makes a Revolution? Burma’s Revolt of 1988 and a Comparative Analysis of the Revolutions of the Late 1980s,” *Studies in Conflict & Terrorism*, Volume 22, Number 1, February 1999, 35.

³⁷ “Protests mark Burma anniversary,” BBC, August 8 2003, <<http://news.bbc.co.uk/2/hi/asia-pacific/3134123.stm>> (October 15 2006)

³⁸ Eric Kolvig, *Burma Today: Land of Hope and Terror*, *International Burma Campaign* (Washington, DC), December 1991 (Second draft). <www.burmalibrary.org/reg.burma/archives/199412/msg00058.html> (September 15 2006)

again intervened, in what was regarded as a military coup against the BSPP civilian leadership – which was now under BSSP Chairman and President, Dr Maung Maung.³⁹ The new military government convened a new leadership body, the State Law and Order Restoration Council (SLORC), and declared martial law.

In 1989, the SLORC officially changed the English version of the country's name from Burma to "Myanmar Naing-Ngan"; a name essentially meaning "Burman Country" in the Burmese language, which the Burmans used to refer to their kingdoms as. Officially, the country is now known as the Union of Myanmar. There were also changes made to the English version of many place names in the country, such as its former capital city, from Rangoon to Yangon. The name changing was controversial since the military government was not legitimately elected while the ethnic nationalities regarded it as an attempt at asserting ethnic-Burman control over the country. Thus, many opposition and solidarity groups opposed to the military government do not recognize the name changes.⁴⁰

Once again, the military leadership considered itself as the only institution which could replace the discredited BSPP and put an end to the public protest. In fact, the Tatmadaw was moving against a "civilian" government it had created. Critics of the military government saw this move as a pretext to protect members of the old office and to cling to power.⁴¹ As Shawn L. Nance remarked, "BSPP's last defence minister and subordinate to Ne Win, Saw Maung and the SLORC was in fact regarded as a puppet regime of the 'retired' dictator who continued to make all executive decisions from behind

³⁹ Between Ne Win and Maung Maung, there was General Sein Lwin who replaced Ne Win as President of Burma on July 27 1988. Sein Lwin was highly unpopular and best known for taking charge of suppressing anti-government activities and leading a bloody crackdown on pro-democracy protesters in 1988. He was known as the "butcher of Rangoon", as he was widely perceived to be responsible for the violent crushing of earlier student demonstrations in 1962 and 1974. He only held office for 18 days after which the title was transferred to Maung Maung.

⁴⁰ "Background on Burma," *Karen Human Rights Group*.

<www.khrg.org/background_on_burma.html> (November 01 2006).

⁴¹ Robert H. Taylor, "Pathways to the Present," in *Myanmar: beyond politics and societal imperatives*, Kyaw Yin Hlaing, Robert H. Taylor and Tin Maung Maung Than (eds), (Singapore: ISEAS Publications, 2005), 17-20.

the scenes.”⁴² Things did not go as planned, however, and something was to happen which took the military leaders by surprise: it came in the form of a lady by the name of Aung San Suu Kyi and her political party called the National League for Democracy (NLD).

The SLORC versus the Lady (1990s)

Another military coup thus set the beginning of the third era of the country's modern politics. The military coups in 1958, 1962 and 1988 all took place in the name of the failure of the civilian government in power and the resulting political and social anarchy.⁴³ Echoing the 1958 antecedent, the new military government claimed that it stood above politics. The SLORC promised to keep BSPP President Maung Maung's pledge that elections would be held in due course and that a multi-party political system would be established. Akin to the time when the military was invited to form a caretaker government in 1958, the 1988 military coup is believed to have had the blessing of Ne Win.

The Tatmadaw has reinterpreted history and distorted their own track record under Ne Win's leadership to reinforce the belief that only they can save the country. This is probably the result of a siege mentality which developed over the years of isolation, and because of the ethnic Burmans' experience under British colonialism when they were marginalized. Having governed the country for over four decades, the military leaders have in the process also grown increasingly inward-looking and alienated. Furthermore, it should be pointed out that the post-1988 military leadership is different to that which governed in the 1960s to 80s. This generation is said to have entered formal education at military training school. They have also been inculcated into the belief systems their predecessors crafted, while not having had first-hand experience in the struggle for the country's independence and the subsequent civil war which their seniors experienced. None stands out in the way General Ne Win did.⁴⁴

⁴² Shawn L Nance, "Hollow promises," *The Irrawaddy*, September 12 2003, <www.irrawaddy.org/aviewer.asp?a=379&z=28> (September 15 2006).

⁴³ "Myanmar: Sanctions, engagement or another way forward?", ICG Asia Report No. 8, April 26 2004, 10., <www.crisisgroup.org/home/index.cfm?id=2958&l=1> (November 23 2006)

⁴⁴ Robert H. Taylor, "Myanmar; Military politics and the prospects for

In a way, they are a new generation of military administrators who seek to uphold the status quo set by their predecessors. With the failure of the “Burmese Way to Socialism,” and its rejection by the SLORC, we can also say that the current generation of leaders has taken to promoting nationalism as a substitute for ideology.⁴⁵ Indeed, *The New Light of Myanmar* – a newspaper that is regarded as a government voice-piece – frames the position in the following manner:

“Since the period of Cold War, there have been three political ways and three isms. They are the socialist way, the liberal way and the national way. [In the past,] Myanmar followed the liberal way and the socialist way. Today, Myanmar is following the national way.... and taking the leadership of the Tatmadaw.”⁴⁶

The SLORC started a campaign in September 1989, intended to re-establish control and improve the spirit of patriotism among Burma/Myanmar's national peoples. About 50 slogans were composed, all of which point to national unity. Among them were “Our Three Main National Causes”, which has since become the recurring slogan for the Tatmadaw.⁴⁷ The Three Main Causes are: (1) the non-disintegration of the Union; (2) non-disintegration of national solidarity; and (3) ensuring the perpetuity of sovereignty.⁴⁸ When Saw Maung took over, the SLORC listed “Four Tasks” but it soon developed into “Twelve National Objectives” – comprising of Four Political Objectives,⁴⁹ Four Economic Objectives⁵⁰ and Four Social

democratization”, *Asian Affairs*, Vol 29. Number 1, March 1998, 8.

⁴⁵ “Myanmar: The military regime’s view of the world”, ICG Asia Report No. 28, December 07 2001, 4., <www.crisisgroup.org/home/index.cfm?id=2958&l=1> (November 23 2006)

⁴⁶ Maung Setana, “The only way out for NLD,” *The New Light of Myanmar*, October 5 2006, <www.myanmar-embassy-tokyo.net/articles/The-Only-Way-Out-For-NLD-E.pdf> (October 15 2006)

⁴⁷ Gustaaf Houtman, “Mental Culture in Burmese Crisis Politics - Aung San Suu Kyi and the National League for Democracy,” *Study of Languages and Cultures of Asia and Africa Monograph Series No. 33.*, *Institute for the Study of Languages and Cultures of Asia and Africa, Tokyo University of Foreign Studies*, 1999, 67.

<<http://homepages.tesco.net/~ghoutman/final.htm>> (November 01 2006)

⁴⁸ SLORC Declaration No. 1/90 of July 27, 1990,

<www.ibiblio.org/obl/docs/Declaration_1-90.htm> (October 1 2006)

⁴⁹ The Four Political objectives are (1) Stability of the State, community peace and tranquility, prevalence of law and order; (2) National reconsolidation; (3) Emergence

Objectives,⁵¹ all aimed to serve the “Three main causes”.

The years of isolation also meant that they lack a clear understanding of international affairs and the motivations and values of other nations. Foreigners and foreign influences are seen to be negative and typically used to rally the locals to the national cause and justify military control.⁵² While their predecessors focused on repelling foreign forces, the new generation of leaders is now concentrating on repelling “foreign” ideas. This has limited their ability to modernize the country. With their sense of insecurity, they have developed an obsession with seeking total autonomy from international influences, something which has driven them to develop a warped culture of self-reliance.

In the mid-1960s Indonesia's General Suharto seized power from Sukarno, the first President of Indonesia, and rejected Sukarno's socialist “Guided Economy” strategy. He then went on to construct a strong “New Order” central government along militarist lines, achieving rapid industrialization and economic growth over the following three decades. The Tatmadaw leadership has sought to model their rule on Suharto's regime. However, there is a fundamental difference between the Suharto regime and that of the SLORC. The difference is that Suharto had a group of U.S. educated Indonesian advisors described as the “Berkeley mafia”⁵³ to advise him on

of a new enduring State Constitution; (4) Building of a new modern developed nation in accordance with the new State Constitution.

⁵⁰ The Four Economic Objectives are: (1) Development of agriculture as the base, as well as the all-round development of other sectors of the economy; (2) Proper evolution of the market-oriented economic system; (3) Development of the economy inviting participation in terms of technical know-how and investments from sources inside the country and abroad; (4) The initiative to shape the national economy must be kept in the hands of the State and the national peoples.

⁵¹ The Four Social Objectives are: (1) Uplift of the morale and morality of the entire nation; (2) Uplift of national prestige and integrity and preservation and safeguarding of cultural heritage and national character; (3) Uplift of dynamism of patriotic spirit; (4) Uplift of health, fitness and education standards of the entire nation.

⁵² “Myanmar: The military regime's view of the world”, ICG Asia Report No. 28, December 07 2001, 4., <www.crisisgroup.org/home/index.cfm?id=2958&l=1> (November 23 2006)

⁵³ This refers to a group of economists from the Faculty of Economics at the University of Indonesia who became influential advisers to Suharto. The “Berkeley Mafia” reference came about because three of the five-member team had received doctorates from the University of California at Berkeley. “Indonesia, the Economy, The Role of

economic issues. Breaking from Sukarno's "Guided Economy" socialism, the group advocated a balanced budget, foreign assistance through improved ties with the West, and a return to a market economy. This approach revitalized the economy and pulled Indonesia out of economic stagnation. Burma/Myanmar, in contrast, presently has a group of generals attempting to move the country from a centrally-planned economy to one that is market-driven, without any notable foreign influence or assistance, or guidance from economic specialists.

Isolation has also brought about sustained fears of foreign intervention and reinforced a mindset that foreigners are to be blamed for the country's problems. Such paranoia leads to the inability to accept responsibility for anything that occurs. For instance, rather than accepting the BSPP's dismal record at government as the root cause for discontent, they accused Western-backed groups to be behind the 1988 protest.⁵⁴ Along the way, they have also developed a belief that the civilian politicians are self-serving and anti-nationalist.⁵⁵ Overall, it indicates just how out-of-touch the military leadership is with reality and popular sentiment.

One of the earliest examples of such a poor gauge of reality was the SLORC's plan to legitimize its rule by organizing multi-party elections in May 1990, thinking they would win.⁵⁶ It turned out to be a huge and costly miscalculation. Before the election, prominent opposition political leaders

the Government," Country Studies (US).

<<http://countrystudies.us/indonesia/62.htm>> (September 30 2006)

⁵⁴ Robert H. Taylor, "Pathways to the Present," in *Myanmar: beyond politics and societal imperatives*, Kyaw Yin Hlaing, Robert H. Taylor and Tin Maung Maung Than (eds), (Singapore: ISEAS Publications, 2005), 21.

⁵⁵ Robert H. Taylor, "Myanmar; Military politics and the prospects for democratization", *Asian Affairs*, Vol 29, Number 1, March 1998, 11.

⁵⁶ "SLORC had hoped to continue the military's monopoly of power following the holding of the promised elections, through a classic policy of 'divide and rule'. The idea was to create a multitude of political parties built around personalities from each section of the country. In all, 93 parties with no previous legal existence were created for the election. The anticipated result would be a divided parliament through which SLORC would continue in power by the building of fragile coalition governments." Rene Wadlow, "Burma: The Military Boots Keep Marching in Place," *Nuclear Age Peace Foundation*, November 10, 2005.

<www.wagingpeace.org/articles/2005/11/10_wadlow-burma-military-boots.htm> (September 15 2006)

were detained, including Aung San Suu Kyi and Tin Oo⁵⁷, who were respectively Secretary-General and Chairperson of the National League for Democracy. Despite restrictions in what was considered to be a generally free and fair election, the NLD won by an overwhelming margin, taking 395 of the 485 (82 percent) seats in parliament. The Union Nationalities League for Democracy (LTNLD), which was allied to the NLD, won 47 (16 percent) seats. In contrast, the SLORC-backed political party, the National Unity Party (NUP)⁵⁸, gained only 10 seats (2 percent).⁵⁹

Suu Kyi's popularity lies in the fact that she was not linked to any existing political compromises, as she lived abroad for most of her life. Furthermore, her father was the famed General Aung San who was widely respected as a national liberation hero and founder of modern Burma/Myanmar.⁶⁰ Finally, her emphasis on non-violent struggle in pressing for a return to democratic self-rule, her defense of freedom and calls for an open society drew popular appeal as it contrasted with the military dictatorship and the intimidation tactics and isolationist policies they have employed to stay in power. The NLD's landslide victory also indicated that the majority of the population was fed up with military rule. In continuation of their 1988 demands, they had taken their protest from the streets into the ballot box.

However, the SLORC refused to recognize the outcome of the result. Those elected-Members of Parliament belonging to the opposition camp were subsequently harassed, arrested, disqualified, and forced to resign from their political parties. Some died during imprisonment while others fled to areas held by ethnic resistance groups or left the country. Those who went into the rebel's territory, set up a parallel government called the National Coalition

⁵⁷ Tin Oo (1927--) profile: served as Chief of Staff and minister of defense 1974-1976. Imprisoned for alleged involvement in an alleged coup attempt in July 1976. Released in 1980, during amnesty. In August 1988, emerged as a prominent opposition leader and became vice-chairman of NLD and chairman since December 19, 1988, <www.irrawaddy.org/res/bio.html#utin> (September 15 2006).

⁵⁸ Formerly the Burma Socialist Program Party (BSPP). It was renamed to contest the elections.

⁵⁹ Rene Wadlow, "Burma: The Military Boots Keep Marching in Place," *Nuclear Age Peace Foundation*, November 10 2005, <www.wagingpeace.org/articles/2005/11/10_wadlow-burma-military-boots.htm> (September 15 2006)

⁶⁰ Ibid.

Government of the Union of Burma (NCGUB).⁶¹ The NCGUB government-in-exile then signed an agreement in July 1992, called the Mannerplaw Agreement, with the aim of establishing a Federal Union of Burma⁶² (comprising an umbrella organization of ethnic rebel and underground Burmese groups, and the Democratic Alliance of Burma (DAB))⁶³ so as to create a united front that would include leaders from both democratic parties and ethnic nationalities for the purposes of continuing the struggle against the military government.⁶⁴

Suu Kyi, often referred to as “The Lady” by her supporters, spent the subsequent six years under house arrest until 1995, when she was released but kept under close watch. In late 1991, Sweden submitted a draft resolution at the United Nations General Assembly⁶⁵ which was adopted without a vote, calling for an improved human rights situation as well as steps towards democracy. As a result of her work for human rights and democracy, as well as her detention, Suu Kyi was recognized as a prisoner of conscience by Amnesty International. On October 12 1990 she was awarded the Rafto Human Rights Prize. On December 10 1990, the Nobel committee announced that Aung San Suu Kyi would receive the Nobel Peace Prize; on July 10 1991,

⁶¹ “Background on Burma,” *Karen Human Rights Group*.

www.khrg.org/background_on_burma.html (November 01 2006).

⁶² National Council of the Union of Burma moves towards a federal constitution for Burma, September 15 1995,

www.burmalibrary.org/reg.burma/archives/199509/msg00018.html (November 10 2006)

⁶³ The Democratic Alliance of Burma (DAB) is made up of representatives of Burmese opposition parties, twelve underground student groups and ten National Democratic Front (NDF) members. It was formed on November 1988 following the 8888 military coup. It is of significance because in addition to being a multi-ethnic political and military alliance covering the entire country, it was the first time representatives of all opposition groups in Burma/Myanmar agreed to work for common political and military ends. See Maung Myint, *The International Response to the Democracy movement in Burma since 1963* (Stockholm: Center for Pacific Asia Studies, Stockholm University, December 2000), 13.

⁶⁴ Maung Myint, *The International Response to the Democracy movement in Burma since 1963* (Stockholm: Center for Pacific Asia Studies, Stockholm University, December 2000), 15.

⁶⁵ The official document is Draft Resolution A/C.3/46/L.43. See: 1991 UN Draft Resolution and SLORC Response in 1991, Online Burma/Myanmar Library.

www.ibiblio.net/obl/reg.burma/archives/199606/msg00249.html (September 15 2006)

the European Parliament had already bestowed on her the Sakharov Prize, in recognition of her human rights work. All were awarded in absentia as she was still under house arrest.⁶⁶

Unlike the BSPP, the SLORC did emphasize cooperation with external actors to a certain extent. Such diplomatic steps were in support of economic policy reforms aimed at opening the economy to foreign investment and trade.⁶⁷ Put another way, the SLORC continued to offer business opportunities in return for international political support.⁶⁸ China is a particularly important partner to the military government in terms of trade and investments, as are some Southeast Asian countries such as Thailand and Singapore. Such investments from overseas led to widespread reports on the use of forced labor for economic activities such as the construction of tourist facilities (the SLORC designated 1996 to be the “Visit Myanmar Year”), the building of railways, airports, army installations and gas pipelines;⁶⁹ a charge the military government denies.

The military government did not make any genuine moves towards political liberalization, however, and this affected its ability to interact with the outside world, especially the West. In particular, a Burmese/Myanma national by the name of James Leander Nichols – a close friend of Suu Kyi – who had served as honorary consul to several European nations, died while imprisoned, provoking outrage in European capitals. He had been arrested (ostensibly perhaps) for operating telephones and fax machines without permission.

In a letter published in the International Herald Tribune in February 1997,

⁶⁶ Alison Koistinen, “Peace profile: Aung San Suu Kyi,” *Peace Review*, 15:3 (2003), 354.

⁶⁷ “Myanmar: The military regime’s view of the world”, ICG Asia Report No. 28, December 07 2001, 11., <www.crisisgroup.org/home/index.cfm?id=2958&l=1> (November 23 2006)

⁶⁸ “Background on Burma,” *Karen Human Rights Group*. <www.khrg.org/background_on_burma.html> (November 01 2006).

⁶⁹ For an example of such reports, see: “Forced Labor in Burma: Selected documents 1995-1996,” Burma Peace Foundation, <www.ibiblio.org/obl/reg.burma/archives/199611/msg00099.html> (September 30 2006); See also “Human Rights violation by the Burmese Army,” John Pilger, <www.johnpilger.com/page.asp?partid=109> (September 15 2006); “Tourism – Visit Myanmar ’96,” John Pilger, <www.johnpilger.com/page.asp?partid=110> (September 15 2006).

Suu Kyi rallied liberals around the world “who have an interest in expanding their capacity for promoting intellectual freedom and humanitarian ideals to take a principled stand against companies that are doing business with the Burmese military regime.” She ended her letter famously with the following phrase: “Please use your liberty to promote ours.”⁷⁰ In June 1997, Burma/Myanmar officially became a member of ASEAN,⁷¹ while still keeping China as its principal political and military backer. There was an unexpected meeting on July 17 1997 between SLORC Secretary Lieutenant General Khin Nyunt and NLD Chairman Aung Shwe, which some regarded as the beginning of a bilateral SLORC-NLD dialogue; but critics believed that the meeting was held for “international consumption” as a publicity stunt to prevent any last minute hitches with the country’s admission into ASEAN.⁷²

The National Convention and the Ethnic Nationalities after 1988

In 1992, General Than Shwe became the head of the military government and Prime Minister of the country, releasing some political prisoners and announcing plans to draft a new constitution. The SLORC claimed that the 1990 election had been held solely to elect members of a body that would convene to draft a new constitution. A National Convention was inaugurated in January 1993 “to formulate fundamental principles in drafting a new enduring State Constitution.”⁷³ The Constitution-drafting Convention is the first step of a seven-point roadmap plan which the SPDC claims will

⁷⁰ Aung San Suu Kyi, “Please use your freedom to promote ours,” *International Herald Tribune*, February 4 1997, < www.iht.com/articles/1997/02/04/edaung.t.php > (September 15 2006)

⁷¹ “Declaration on the Admission of the Union of Myanmar into the Association of Southeast Asian Nations,” ASEAN Secretariat, July 23 1997, < www.aseansec.org/1829.htm > (September 15 2006);

⁷² Andreas Harsono, “NLD Awaits Dialogue,” *The Nation*, August 25 1997, < http://andreasharsono.blogspot.com/1997_08_01_andreasharsono_archive.html > (September 15 2006)

⁷³ Brief account of the work done by the National Convention convened between January 09 1993 to March 30 1996 and 17 May to July 09 2004. < www.myanmar.gov.mm/National%20Convention/NC19-2-05.htm >; for a detailed look into the National Convention including commentaries, official documents and the subsequent 2003 “roadmap” , refer to “The 1990 elections and the National Convention process,” *Online Burma Library*. < www.burmalibrary.org/show.php?cat=1142&lo=d&sl=o > (September 30 2006)

lead to a democratic state. However, the majority of the delegates were appointed by the military government with only 15 percent of the delegates having been elected in the 1990 election. In 1995, the NLD walked out of the convention, protesting restrictions on debate, and its delegates were subsequently expelled for being absent without permission.⁷⁴ The convention was temporarily adjourned in March 1996 without completing the constitution. It went into session for another brief period between May to July 2004, again in February, March and December in 2005 and was most recently convened again in October 2006 with the expectation that its work on a new constitution would be finished by the following year in 2007.

Besides dealing with the opposition, the SLORC also sought to neutralize the ethnic nationalities threat. The opportunity came when ethnic Wa soldiers in the Burmese Communist Party rebelled against the leadership and formed the United Wa State Army in 1989. The SLORC took the opportunity to negotiate ceasefires with the Wa and several small groups within the Shan state. The SLORC reportedly promised state military support for drug trafficking operations if they cooperated with the government: the country rapidly became the world's largest supplier of opium and heroin.⁷⁵ In continuing the earlier "Four Cuts" policy, the SLORC "then used military offensives, large-scale forced relocation of civilians, the complicity of neighboring countries (namely China and Thailand), and finally buy-offs of the [ethnic rebel] leadership to force other armed opposition groups into ceasefire deals, none of which addressed any of the political or human rights concerns of those groups."⁷⁶ Once ceasefire arrangements were agreed, the SLORC would then take steps to ensure that these ceasefire groups would be unable to consider the resumption of hostilities.⁷⁷ There have also been reports on the use of civilians, particularly among the ethnic minorities,

⁷⁴ "Threat to Peace: A Call for the UN Security Council to Act in Burma," Prepared by DLA Piper Rudnick Gray Cary US LLP, September 20 2005, <www.burmacampaign.org.uk/reports/Burmaunscreport.pdf> (September 05 2006). This report is commissioned by Vacláv Havel, Former President of the Czech Republic Bishop Desmond M. Tutu, Archbishop Emeritus of Cape Town Nobel Peace Prize Laureate (1984), 4.

⁷⁵ "Background on Burma," *Karen Human Rights Group*. <www.khrg.org/background_on_burma.html> (November 01 2006).

⁷⁶ *Ibid.*

⁷⁷ *Ibid.*

being used as porters forcibly by the army for military operations against insurgents.

On the part of the ethnic minorities, there was war weariness and a sense that the non-Burmans were again suffering the most for the political failures of the country. There was consensus that during this period of uncertain transition, they had to be involved in the political process.⁷⁸ 17 ceasefire agreements had been signed by 2005.⁷⁹ Notably, varying strategies have been adopted by different ethnic groups in the post-1988 era, resulting in three groupings among the ethnic nationalities parties. The first are those “legal” nationalities parties who stood and won seats in the 1990 election, most of which are allied with the NLD. The second grouping comprises those who have signed up to ceasefires, including those who are basically local militia forces such as the Democratic Karen Buddhist Army, and those with longer political histories such as the Kachin Independence Organization and other former National Democratic Front (NDF)⁸⁰ members. They are involved with the National Convention but, like the NLD, have doubts about this process. Finally, the third remaining grouping in ethnic politics includes those still engaged in armed struggle. By the year 2002, the main forces without ceasefires are the Karen National Union (KNU), the Karenni National Progressive Party, the Chin National Front and the Shan State Army (South).⁸¹

As for the NLD, they too recognize the importance of working with the ethnic nationalities and, in July 1992, the Mannerplaw Agreement between the NCGUB⁸² and the DAB was signed, calling for the creation of a Federal

⁷⁸ “Ethnic Political Platforms In Burma And Their Evolution Since Independence,” *Burma Debate*, April 04 2003, <www.burmadebate.org/burmaView.php?article_id=25&page_no=1> (November 01 2006).

⁷⁹ “World Report 2006 (Events of 2005),” *Human Rights Watch*, January 18 2006, 234. <<http://hrw.org/wr2k6/>> (September 12 2006)

⁸⁰ The National Democratic Front (NDF) was formed in 1976, consisting of nine nationalities parties. In 1984, the goal for secession was dropped and they turned their goal towards creating a “genuine” federal union.

⁸¹ “Ethnic Political Platforms In Burma And Their Evolution Since Independence,” *Burma Debate*, April 04 2003, <www.burmadebate.org/burmaView.php?article_id=25&page_no=1> (November 01 2006)

⁸² “The NCGUB was formed on the December 18, 1990, after the SLORC refused to

Union of Burma in which the rights of the ethnic nationalities were articulated more formally and explicitly. Like the democratic opposition, the ethnic minorities also have a positive image of Suu Kyi.⁸³ While she has played an important role in bringing about the democracy movement, uncertainties remain as to whether her values can truly represent the NLD's position as a whole; there are questions raised about ties between the rest of the NLD and the ethnic nationalities groups:

“Allegations have been made as to the xenophobic nature of the older members of the NLD in dealing with the ethnic minorities. Also of interest and concern is how the younger generations in the different ethnic groups view the issues of independence, state autonomy and federalism. Currently both the ethnic minorities and democracy movement are dealing with a common enemy, the SPDC, yet affinities might change if the balance of power shifts.”⁸⁴

Some local businessmen also doubted if the NLD could govern; particularly whether Suu Kyi and Tin Oo (now-Vice Chairman, NLD) could govern “because they have no military support”. They believe that it is almost impossible for Suu Kyi, however popular she is, to assume power and govern effectively as long as the army does not support her.⁸⁵

recognize the election results in which the NLD enjoyed a landslide victory. It currently acts as the legitimate government of Burma in exile. According to its official website, it will be “dissolved once democracy and human rights are restored in Burma.” Its stated mission is four fold: 1) To implement the results of the 1990 General Elections; 2) To end military rule; 3) To restore multi-party democracy; and 4) To establish a federal system of government. One of the tenets of the strategy aimed at achieving these four goals is that of ethnic reconciliation and unity. At the same time, the NCGUB concentrates essentially on the democracy movement. This approach is somewhat understandable, considering that they hold themselves to be the elected Members of Parliament in exile.” Helene Harroff-Tavel & Charles Maffey, “In the Hands of a Few: Ethnic Minorities as the Future of Burma,” *Mentis Vita*, Volume 4, Issue 2, Spring 2004, 121.

<www11.georgetown.edu/programs/gervase/cfi/mentisvita/iv.ii/Burma.pdf>
(September 15 2006)

⁸³ Helene Harroff-Tavel & Charles Maffey, “In the Hands of a Few: Ethnic Minorities as the Future of Burma,” *Mentis Vita*, Volume 4, Issue 2, Spring 2004, 117.

<www11.georgetown.edu/programs/gervase/cfi/mentisvita/iv.ii/Burma.pdf>
(September 15 2006)

⁸⁴ *Ibid.*, 118.

⁸⁵ Andreas Harsono, “NLD Awaits Dialogue,” *The Nation*, August 25 1997,

The SPDC and the Lady (1997-2003)

In 1997, the SLORC suddenly changed its name to the more benign-sounding State Peace and Development Council (SPDC). The 19 member SPDC includes four generals who held top positions in the SLORC, as well as senior members of the Tatmadaw.⁸⁶ There were initially hopes for political reform to accompany this new change but thus far, the SPDC has failed to implement political or economic reform. The name change while cosmetic was nevertheless revealing: changing from “law and order restoration” to “peace and development” suggests that the SPDC leaders are planning to stay in power for a prolonged period.

The generals continued to regard Burma/Myanmar’s problems “not only unique, but also essentially unfathomable to outsiders”.⁸⁷ In 1999, it was suggested that Nelson Mandela could perhaps mediate between the contending political forces in the country.⁸⁸ Foreign Minister Win Aung’s response was that “I think Mr. Mandela can’t understand our politics... our problems are very complex”.⁸⁹ Interestingly, in a 1997 interview by Indonesian journalist Andreas Harsono, Vice Chairman of the NLD, Tin Oo was quoted as saying that the NLD has turned down the offer of help by a number of Nobel Laureates including Mandela and South African Bishop

<http://andreasharsono.blogspot.com/1997_08_01_andreasharsono_archive.html> (September 15 2006).

⁸⁶ According to an article in *The Irrawaddy* in 1997: “The 19-member SPDC consists of four generals who held top positions in SLORC and a host of new generals. They include the heads of the navy and air force and, most crucially, the commanders of military zones (sit taing). There was also a cabinet reshuffle and the formation of a “new” 39-member cabinet, and a 14-member Advisory Council.” Chao-Tzang Yawnghwe, “Burma's Military Politics,” *The Irrawaddy*, Vol. 5. No.7, December 1997, <www.irrawaddy.org/database/1997/vol5.7/militarypolitics.html> (November 15 2006); The SPDC at present (November 2006) consists of 12 members. “Members of State Peace and Development Council (SPDC),” *The Irrawaddy*.

<www.irrawaddy.org/aviewer.asp?a=454&z=14> (November 15 2006)

⁸⁷ “Myanmar: The military regime’s view of the world”, ICG Asia Report No. 28, December 07 2001, i., <www.crisisgroup.org/home/index.cfm?id=2958&l=1> (November 23 2006)

⁸⁸ Aung Zaw, “Mandela-The Man of the Hour,” *The Irrawaddy*, June 01 1999 <www.irrawaddy.org/aviewer.asp?a=1425&z=104> (October 15 2006)

⁸⁹ Reuters, July 09 1999. Cited in: “Myanmar: The military regime’s view of the world”, ICG Asia Report No. 28, December 07 2001, 7., <www.crisisgroup.org/home/index.cfm?id=2958&l=1> (November 23 2006)

Desmond Tutu because “we can solve the problem ourselves”.⁹⁰

Unsurprisingly, the SPDC leadership’s attitude towards Suu Kyi remained unchanged. Suu Kyi meanwhile tried to defy the travel ban imposed on her to remain in Rangoon/Yangon. In March 1996, she boarded the train bound for Mandalay but, because of a “last minute problem”, the coach she was in was left behind at the station. In 1999, Suu Kyi’s British husband, who was dying of cancer, was prevented from visiting her in Burma/Myanmar. She decided not to leave the country as she was not sure if she would be let back in again. On September 2 2000, while on the way to meet NLD supporters, Suu Kyi and a convoy of NLD members faced a standoff with the military government in Dala, a small town south of Rangoon/Yangon, leaving Suu Kyi and 14 NLD members in the two car convoy stranded by the roadside for nine days. She and her convoy were then forced to return to Rangoon/Yangon after 200 riot police surrounded the cars in a midnight raid. On September 23 2000, Suu Kyi was placed under house arrest again. However, in October 2000, secret talks took place between Suu Kyi and the SPDC leadership, brokered and facilitated by newly appointed UN Special Envoy Razali Ismail. The existence of the talks was only revealed in January 2001 but the substance of the talks remained secret. However, they can be viewed as part of confidence-building exercises before substantial talks can proceed. Many analysts believed that the SPDC was desperate to attract foreign investors and international aid, and realized that there could be no alternative to political reform.⁹¹ The country was hoping for increased investment among the ASEAN member states in the country but the Asian

⁹⁰ Andreas Harsono, “NLD Awaits Dialogue,” *The Nation*, August 25 1997, <http://andreasharsono.blogspot.com/1997_08_01_andreasharsono_archive.html> (September 15 2006)

⁹¹ Larry Jagan, “Burma's secret talks,” *BBC*, March 19 2002, <<http://news.bbc.co.uk/2/hi/asia-pacific/1880945.stm>> (September 2005); On April 28, 2001, more than 30 United States senators sent a letter to the US President, George W. Bush urging him not to ease sanctions against Rangoon as it continued closed-door talks with Aung San Suu Kyi. The senators said in a letter to the President that any lifting of sanctions on investments could “remove the incentive for the regime to negotiate” with Aung San Suu Kyi. See: the Official website of the National Coalition Government of the Union of Burma, <www.ncgub.net/Daw%20Aung%20San%20Suu%20Kyi/index%20of%20Daw%20Aung%20San%20Suu%20Kyi.htm> (September 15 2006)

Financial Crises disrupted the plan. The international community - especially Japan, Australia and the European Union - for its part also tried to encourage the dialogue process between the two by increasing financial commitment to the UN programs in the country, promising even higher humanitarian aid to reward significant political breakthrough between the two sides.⁹²

On May 6 2002, Suu Kyi was released after 19 months of house arrest. The release was unconditional and she was reportedly free to go anywhere. In a written statement before her release, the government spokesman, Colonel Hla Min, said this would mark “a new page for the people of Myanmar and the international community.” The statement did not mention Suu Kyi by name, but said: “We shall recommit ourselves to allowing all of our citizens to participate freely in the life of our political process, while giving priority to national unity, peace and stability of the country as well as the region.”⁹³ The SPDC also released several hundred political prisoners and 90 of the 400 NLD offices throughout the country were allowed to reopen.

However, on May 30 2003, during a tour of Depayin, outside Mandalay, Suu Kyi and her supporters were ambushed and brutally attacked. Over a hundred people were arrested, including Suu Kyi and other senior party NLD members. The SPDC reported four deaths as a result of the attack but eyewitness estimates claimed that as many as 70 people could have been killed. Eyewitness accounts also indicate that the police were present during the attack and there were reports that common criminals were taken from prison and trained for this attack. Suu Kyi was placed under house arrest (described as “protective custody” by the SPDC) again in Rangoon/Yangon while all NLD offices were closed. She has remained incommunicado ever since. There were rumors in mid-April 2004 that Suu Kyi would be released in time for the start of the National Convention again May 17, but this never materialized.⁹⁴

⁹² Larry Jagan, “Burma's secret talks,” BBC, March 19 2002,

<<http://news.bbc.co.uk/2/hi/asia-pacific/1880945.stm>> (September 2005)

⁹³ The Official website of the National Coalition Government of the Union of Burma, <www.ncgub.net/Daw%20Aung%20San%20Suu%20Kyi/index%20of%20Daw%20Aung%20San%20Suu%20Kyi.htm> (September 15 2006).

⁹⁴ Jan McGirk, “Suu Kyi is set to be freed `within weeks' ” *The Independent* on

The UN envoy, Razali Ismail, was last allowed to visit Burma/Myanmar in March 2004 when he met Suu Kyi. He resigned in December 2005, partly because he was subsequently denied entry into the country. While responsible for brokering talks between Suu Kyi and the SPDC leadership, Razali had regularly expressed pessimism over the prospects for change in Burma/Myanmar and her release. He also repeatedly urged ASEAN to take a tougher stand against the military government.⁹⁵ ASEAN did not seem able to make much impact, however. In January 2006, the government in Burma/Myanmar told ASEAN it could not accept its special envoy, Malaysian Foreign Minister Datuk Seri Syed Hamid Albar, because it was too busy moving into its new capital in Naypyidaw.⁹⁶

The visit was finally made in March 2006. During this two day visit, Syed Hamid met Prime Minister General Soe Win and Foreign Minister Nyan Win. However, he did not manage to meet the top leader, Senior General Than Shwe.⁹⁷ Basically, ASEAN has lost its much of its diplomatic influence over the military government, not only because of hardliner Than Shwe, but also due to the fact that the country has already been accepted as a member state in the organization. In fact, the military government has been using ASEAN's policy of non-interference as justification for pursuing its own domestic policies.⁹⁸ On May 20 2006, Ibrahim Gambari, the UN Under Secretary-General for Political Affairs, managed to meet Suu Kyi, the first visit by a foreign official since Razali's visit in 2004. It did not bring about any breakthrough or compromise, however, and on May 27 2006, Aung San

Sunday, April 18 2004

⁹⁵ "Annan expresses sadness for the resignation of his envoy to Burma," Democratic Voice of Burma, January 10 2006, <<http://english.dvb.no/news.php?id=6287>> (September 15 2006)

⁹⁶ The trip was planned as ASEAN came under pressure from the international community and managed to reach an agreement with Burma/Myanmar during the ASEAN Summit in Kuala Lumpur in December 2005 to allow a delegation led by Syed Hamid to visit the country and evaluate its progress towards democracy.

⁹⁷ "Malaysian news agency via BBC: Burmese "government in exile" urges ASEAN to press for meeting with Suu Kyi," Burmanet, March 30 2006, <www.burmanet.org/news/2006/03/30/malaysian-news-agency-via-bbc-burmese-government-in-exile-urges-asean-to-press-for-meeting-with-suu-kyi/> (September 15 2006)

⁹⁸ "Executive Summary," *Challenges to democratization in Burma*, (Stockholm: IDEA, 2001), xv. <www.ibiblio.org/obl/docs3/BURMA_beyond_2000.pdf> (October 01 2006)

Suu Kyi's term of house arrest was extended for another year.

Leadership Struggle Within the Tatmadaw (2004)

Since the formation of the SLORC, there have been extended power struggles within the ruling clique that are said to have severely affected the country's move towards democracy.⁹⁹ The most crucial one relates to the downfall of General Khin Nyunt in October 2004. His removal from the SPDC leadership was followed by purges in a series of cabinet shakeups and the dismantling of his military intelligence power-base. Khin Nyunt, who was Secretary-1 in the SPDC, was appointed Prime Minister in August 2003. He was a pragmatist who favored involving Suu Kyi in the national reconciliation process, which thus puts him at odds with the hardliner Senior General Than Shwe, Chairman of the SPDC, who is well-known to hate even the mentioning of Suu Kyi's name.¹⁰⁰ At the root of the conflict were major differences between Khin Nyunt and Than Shwe over the country's future.¹⁰¹ Khin Nyunt believed that Burma/Myanmar's future depended on political reform and economic development while hardliners, including Than Shwe and his deputy General Maung Aye, believed that doing nothing and maintaining the status quo was the best way to ensure the central role of the military in the country. Even after increased pressure from the international community, the hardliners "clung to the perception that there was no need to compromise with the pro-democracy activities"¹⁰²

Khin Nyunt announced a "seven-stage road-map for democracy" days after he became Prime Minister, which consisted of reconvening the National Convention to draw up a new constitution. This would be followed by a referendum on the constitution and continue with fresh elections under the new constitution. He openly supported the participation of Suu Kyi and the NLD in the National Convention while Than Shwe on the other hand felt that political parties should only be given a role in national reconciliation

⁹⁹ Larry Jagan, "Burma's military: Purges and Coups Prevent Progress towards democracy," *Myanmar's long road to national reconciliation*, Trevor Wilson (ed), (Singapore: ISEAS Publications, 2006), 29.

¹⁰⁰ *Ibid.*, 29.

¹⁰¹ *Ibid.*, 30.

¹⁰² *Ibid.*, 30.

after a new constitution was in place and elections held.¹⁰³ The National Convention re-started in May 2004 but the NLD boycotted it. This was because the SPDC refused to cede to a series of conditions set by the NLD for their participation. By then, Than Shwe was already angry with Khin Nyunt, reportedly because UN envoy Razali Ismail publicly asked that Khin Nyunt be given a mandate to work with Suu Kyi on the national reconciliation process following his visit in March 2004. This was interpreted as a call by the UN envoy to empower the Prime Minister. According to Larry Jagan, “nothing angers the top leaders more than public suggestions that there are major differences between them – even if there is a bitter power struggle in progress”.¹⁰⁴

Relations between the two leaders continued to worsen. In mid-June 2004, Than Shwe cancelled Khin Nyunt’s symbolic first visit as Prime Minister to Cambodia and Laos and, instead, ordered him to go to the National Convention to deal with ethnic groups who were resisting the way the Convention was carried out. While Khin Nyunt rescheduled his trip, he refused to talk directly to the dissenting ethnic leaders. This was said to be the final act that sealed his fate.¹⁰⁵ The National convention went into recess at the end of July 2004; on October 18 2004, a one sentence announcement signed by Than Shwe stated that Khin Nyunt was “permitted to retire for health reasons”¹⁰⁶ – he was replaced by Lieutenant-General Soe Win (Secretary-1 until this new appointment), a hard liner who is reportedly close to Than Shwe; all ambassadors were recalled to the capital; and the entire government and military was subsequently purged of all who were seen to have relations with Khin Nyunt. Khin Nyunt himself was charged with corruption, given a suspended 44 year sentence and is now under house arrest.¹⁰⁷ It has been suggested that Than Shwe, who turned 71 in 2004, is past retirement age and has been worried about his own safety upon leaving office.¹⁰⁸ This purge could thus be interpreted as an attempt to secure his own

¹⁰³ Ibid., 31.

¹⁰⁴ Ibid., 31.

¹⁰⁵ Ibid., 31.

¹⁰⁶ Kate McGeown, “Khin Nyunt's fall from grace,” BBC, 19 October 2004, <<http://news.bbc.co.uk/2/hi/asia-pacific/3756052.stm>> (September 15 2006)

¹⁰⁷ The idea that he may have a role to play in the future should not be dismissed.

¹⁰⁸ Kate McGeown, “Khin Nyunt's fall from grace,” BBC, 19 October 2004,

future by ensuring that any alternative and potential center of power which may challenge his legacy is removed.

Apart from being willing to engage Suu Kyi and the NLD, Khin Nyunt was relatively open towards ASEAN, China and the international community in general. He was also recognized as being unchallenged in his accomplishment in securing ceasefires with over a dozen armed ethnic rebel groups.¹⁰⁹ The purge means that we can expect to see an increasingly reclusive and hard line leadership, led by Than Shwe, a known xenophobe, and his deputy Maung Aye. Again, prospects for national reconciliation are in doubt. This also translates into fewer opportunities for the international community to engage with the SPDC.

A noteworthy point is that there is said to be a power struggle between Than Shwe and Maung Aye following the fall of Khin Nyunt, particularly over who to appoint to key decision positions in the aftermath of the coup. Nevertheless, it appears that a compromise has been struck between the top two generals, according to a senior Thai intelligence source.¹¹⁰ However, this theory of an on-going power struggle is not shared by all analysts.¹¹¹ Another interesting point is that the removal of Khin Nyunt was immediately followed by a visit to India by Than Shwe. This is perceived as a major tilt in foreign policy away from China - whom Khin Nyunt, an ethnic Chinese, steadily developed over the years - towards India. It represented the first visit by the Burma/Myanmar head of state to India in 25 years, during which he was accorded a red carpet reception.¹¹²

<<http://news.bbc.co.uk/2/hi/asia-pacific/3756052.stm>> (September 15 2006)

¹⁰⁹ Bruce Matthews, "Myanmar's human and economic crisis and its regional implications," in *Southeast Asian Affairs 2006*, Daljit Singh and Lorraine Carlos Salazar (eds), (Singapore: ISEAS Publications, 2006), 212.

¹¹⁰ Larry Jagan, "Top rivals for power put on a show of unity," *Bangkok Post*, May 14 2005

¹¹¹ Tin Maung Maung Than at the Institute of Southeast Asian Studies (ISEAS) in Singapore believes the military reshuffle is a long overdue and on-going process, not a power struggle. Tin Maung Maung Than, "Myanmar: Challenges galore but opposition failed to score," in *Southeast Asian Affairs 2006*, Daljit Singh and Lorraine Carlos Salazar (eds), (Singapore: ISEAS Publications, 2006), 191.

¹¹² C.S. Kuppuswamy, "Myanmar: The shake-up and the fall out," *South Asia Analysis Group*, November 9 2004, <www.saag.org/papers12/paper1161.html> (September 30 2006)

The Present State of Affairs (2005 -)

Since the fall of Khin Nyunt, there has not been any significant change in the attitude of the SPDC that would warrant optimism. The National Convention trudged along in 2005 and 2006 with the NLD continuing its boycott of the event and the military on its part insisting that it should occupy a minimum of 25 percent of the seats in any future parliament (Hluttaw). Other controversial points include the Tatmadaw having a final say on administering its own affairs, including judicial proceedings regarding its servicemen, and being allowed to encroach on any part of the country should any ill-defined state "calamity" occur.¹¹³ As with previous years, the process and content discussed thus far continues to be rejected by the political opposition as well as activists. It is also generally regarded with skepticism by the outside world, particularly among Western governments; this is despite attempts by the SPDC to put a positive spin to the process by inviting foreign journalists to cover the constitution-drafting event in 2006.¹¹⁴

In addition to the National Convention, there was a crackdown on political activists in the Shan state; Suu Kyi remains under house arrest; while the SPDC's strangling grip over the NLD continues. Moreover, a shocking event occurred in May 2005, when three sophisticated bombs went off one after another, five minutes apart, at two crowded shopping centers in Rangoon/Yangon and the state-owned Yangon Trade Center where a Thai trade fair was being held.¹¹⁵ Nobody claimed responsibility but the government's Information Committee blamed the opposition, citing ethnic groups, exiled activists and armed groups to be responsible in cooperation with foreign governments. The government did however release nearly 400 prisoners in early July 2005, including 250 political prisoners despite having never acknowledged the existence of "political prisoners".¹¹⁶ In early 2006, the

¹¹³ Clive Parker, "An assured political future," *The Irrawaddy*, March 2006, <www.irrawaddy.org/aviewer.asp?a=5536&z=102> (October 15 2006)

¹¹⁴ Jonathan Head, "Burma discusses version of democracy," BBC, October 23 2006, <<http://news.bbc.co.uk/2/hi/asia-pacific/6076346.stm>> (October 25 2006)

¹¹⁵ Tin Maung Maung Than, "Myanmar: Challenges galore but opposition failed to score," in *Southeast Asian Affairs 2006*, Daljit Singh and Lorraine Carlos Salazar (eds), (Singapore: ISEAS Publications, 2006), 187.

¹¹⁶ Tin Maung Maung Than, "Myanmar: Challenges galore but opposition failed to score," in *Southeast Asian Affairs 2006*, Daljit Singh and Lorraine Carlos Salazar (eds), (Singapore: ISEAS Publications, 2006), 189.

government further stepped up efforts against Karen ethnic rebels in the Karen state leading to continuous fighting and the destruction of property. This has also resulted in the displacement of the Karen people, with thousands escaping into the jungle and seeking refuge on the border with Thailand.¹¹⁷

As the domestic political situation appears to be stagnant, international criticism against the SPDC appears to be mounting. Increasingly, the international community has been piling pressure on Burma/Myanmar to make serious changes, especially in the areas of human rights and political reform. This leads us right back to the beginning of this report (see 1. Introduction – Spotlight on Recent Events) which touched on the country's last one and a half years. In it, we highlighted an increasingly visible sense of frustration among the international community, as well as the SPDC's growing self-imposed reclusion. In the latest development of events, UN Under Secretary-General for Political Affairs Ibrahim Gambari visited the country between November 9 to 12 2006. This is his second visit to the country in six months; he had the rare opportunity to meet Suu Kyi during his first visit in May 2006, the first envoy to do so since her detention in 2004. Suu Kyi is currently allowed no contact with the outside world. Apart from her live-in domestic worker, only her doctor is allowed to visit her once a month. Gambari's involvement in visits to Burma/Myanmar is said to have more significance compared to earlier efforts of former UN envoy Razali Ismail from 2000 to 2004. This is because he is the person who has been responsible for the UN Security Council briefings on the country.¹¹⁸

The latest visit to the country is highly significant and was watched by the international community with interest; especially by the United States as the country is now formally on the agenda of the UN Security Council. The opposition, ethnic politicians, and activists all hoped that the top UN diplomat would use this visit to push the military leaders towards reform.¹¹⁹

¹¹⁷ Shah Paung, "Junta Attacks on Karen Continue during Gambari Visit," *The Irrawaddy*, November 10 2006, <www.irrawaddy.org/aviewer.asp?a=6374&z=154> (November 10 2006)

¹¹⁸ Col R Hariharan (retd.), UN Envoy Ibrahim Gambari's visit, South Asia Analysis Group (SAAG), May 23 2006, <<http://www.saag.org/%5Cpapers19%5Cpaper1808.html>> (October 15 2006)

¹¹⁹ Aung Lwin Oo, "Gambari Urged to Seek 'Tangible' Reforms," *The Irrawaddy*,

The UN itself also stated that the purpose of Gambari's visit was to stress "the need for concrete results in areas of concern to the international community."¹²⁰ Specifically he raised the following issues:¹²¹

- The release of Aung San Suu Kyi and other political prisoners;
- Making the constitution writing process all-inclusive and democratic;
- Halting military offensives in the Karen state;
- Coming to an agreement with the International Labour Organisation (ILO) on the issue of forced labor;
- Providing the UN and other humanitarian agencies with safe access.

Aside from continued military operations in the Karen state at the time of his visit, Gambari's visit to the National Convention on the invitation of the SPDC suggests that the SPDC is determined to proceed with its own policies regardless what the outside world thinks. At present, the accelerated developments within the UN framework is in contrast to the retreat of ASEAN and the member states on this matter. ASEAN has taken a back seat on this issue after its diplomatic failure in engaging the SPDC over issues concerning reforms. As such, the Burma/Myanmar issue now seems to be firmly in the hands of the UN.¹²²

November 09 2006,

<www.irrawaddy.org/aviewer.asp?a=6371&z=154> (November 10 2006)

¹²⁰ Shah Paung, "Junta Attacks on Karen Continue during Gambari Visit," *The Irrawaddy*, November 10 2006, <www.irrawaddy.org/aviewer.asp?a=6374&z=154> (November 10 2006)

¹²¹ "Myanmar (Updated No. 3)," Security Council Report, November 22 2006. <www.securitycouncilreport.org/site/c.glKWLeMTIsG/b.2263725/k.9F86/Update_No_3_br_Myanmar_br_22_November_2006.htm> (November 22 2006)

¹²² As reported in a recent newsletter by the Singapore Institute of International Affairs newsletter, "the ASEAN Secretary-General, Ong Keng Yong has said earlier in November that no new initiatives on Myanmar will be introduced in the coming ASEAN summit. The Thai Foreign Minister Nitya Phibulsonggram said that Thailand was supportive of the steps taken to have a national reconciliation in Myanmar but Thailand would not intervene in the domestic affairs of Myanmar. The Singapore Ministry of Foreign Affairs spokesman said, 'We hope that Myanmar will continue to work closely with the UN.'" See: "United Nations Envoy's Second Visit to Myanmar – some signs of hope?" *Southeast Asia Peace and Security Network (SEAPNet)*, November 2006, <www.siiainline.org/home?wid=171&func=viewSubmission&sid=1003> (November 18

On the part of the military, there are no obvious signs that it would be willing to genuinely compromise with either the opposition parties or the ethnic nationalities. It has been reported that, since 2003, an increasing number of civilians in the country have been put through paramilitary training – supposedly to counter a possible foreign invasion.¹²³ However, it is more likely that the SPDC is preparing such forces to deal with any potential uprising. We will most likely witness another “transfer” of power to a regime with a civilian façade, very much like what Ne Win did in 1972 when he dropped his military title and had power shifted from the Revolutionary Council to a single-party “People’s Assembly” two years later. Than Shwe is most likely to hand power over to one of his trusted loyalists as a means to protect his own legacy and safety. Thus, one should not be overly-optimistic even if a power transfer does take place. In many ways, such a move should remind the international community of the difficulty in displacing a military dictatorship that has shown itself apt at leadership renewal and regeneration. With regards to Suu Kyi, there are no indications that the SPDC would release her anytime soon. In fact, as the military government becomes increasingly reclusive, they appear determined to isolate Suu Kyi from the international community as well.

Much of the international community’s attitude towards Burma/Myanmar in 2007 will depend on Gambari’s report back to the United Nations. At the time of this report, Gambari’s briefing of the UN Security Council has not been scheduled though it is expected in the coming weeks. The main issue the Council would have to decide is whether to push for the passage of a “strongly critical” resolution¹²⁴ and formal measures against the country, or whether it should allow the UN Secretary-General and his envoy more time to engage with the SPDC towards credible reform. Ultimately, the Security Council has to decide when it would step in if the Burma/Myanmar

2006)

¹²³ “Myanmar: Sanctions, engagement or another way forward?”, ICG Asia Report No. 8, April 26 2004, 19., <www.crisisgroup.org/home/index.cfm?id=2958&l=1> (November 23 2006)

¹²⁴ Glenn Kessler, “U.S. wants UN resolution on Burma,” *The Washington Post*, November 20 2006.

<www.burmanet.org/news/2006/11/20/the-washington-post-us-wants-un-resolution-on-burma-glenn-kessler/> (November 22 2006)

government fails to demonstrate any willingness in addressing the issues raised by Gambari.¹²⁵ Should the Security Council members lose patience and decide to step in, those who urge for greater action against the SPDC would have to consider weighing punitive measures against its effects on the wider general population. They would also have to contend with China, who has opposed putting Burma/Myanmar on the Security Council's agenda. A resolution at this point is also likely to face opposition from Russia, Qatar and Congo – all of whom took the same position as China.¹²⁶

¹²⁵ "Myanmar (Updated No. 3)," Security Council Report, November 22 2006.
<www.securitycouncilreport.org/site/c.glKWLeMTIsG/b.2263725/k.9F86/Update_No_3_br_Myanmar_br_22_November_2006.htm> (November 22 2006)

¹²⁶ Ibid.

3. Socio-Economic Overview†

The situation in Burma/Myanmar has steadily deteriorated since independence in 1948. From being a country with very high development potential, it has come to be one of the poorest and most underdeveloped countries in the world. Accordingly, the country, once known as “the rice bowl of Asia”, is now one of the Least Developed Countries in the world and has been put on the agenda of the UN Security Council. Its people are enduring a military government which is heavily repressive and is in many ways incompetent and unsuitable for running a country. As a result, the economy is in a state of serious concern and the public health situation is in a dire condition with a situation that continues to worsen. In particular, the minorities in the border regions are suffering tremendously. The educational system has been greatly interrupted by the frequent closing of universities and severe lack of funding. A consequence has been a fairly substantial brain drain that has left Burma/Myanmar in need of educated people. For those with a different opinion from the government, the situation is troublesome. Harsh repression of journalists and ubiquitous censorship of all news media outlets has left the people without any prospects of expressing their views freely and gathering objective information and news.

To conduct an analysis of a country when there is such a lack of adequate information, as in the case of Burma/Myanmar, is difficult. Many indicators have not been updated by the government of Burma/Myanmar with reliable data for many years. However, the latest data available has been used for this report.

Economy

The economy of Burma/Myanmar is in poor shape, as is the situation of its people.¹²⁷ Despite abundant natural resources, an estimated 25 percent of its

¹²⁷ “Mismanagement of politics and economy bite the people of Burma” Democratic Voice of Burma, December 21 2006, <english.dvb.no/news.php?id=6210> (October 20

population in 2000 lived in poverty.¹²⁸ There has been a lack of economic reforms since independence and the economy has not kept pace with the changing international environment. Today's situation is marked with little trust in key financial institutions; inflation has remained steady at a high level for more than the past decade; and industrialization is proceeding slowly. Key economic reforms are needed but they do not appear to be on the SPDC's immediate agenda. There were hopes of economic change and reform after the country opened its economy somewhat to the world following the ousting of Ne Win's BSPP in the 1980s. Unfortunately, instead, economic development stagnated, causing the economy to occasionally go into regression. Estimates provided by the Burma Economic Watch and the Economist Intelligence Unit suggest that the economy actually went substantially backwards in 2003 and 2004. The economy is likely to have grown by 2-4 percent the following years, however, mainly due to the increased revenues from oil and natural gas.¹²⁹

The SPDC, on the other hand, has reported an annual double figure growth in Gross Domestic Product (GDP) since 1999. At the same time, the country has experienced a collapse in its bank system and increased international sanctions. The official numbers for the period 1999-2005 indicate an average of 12.6 percent growth, the highest in the world. Furthermore, the country has, in experiencing this reportedly high growth, used less energy and less material resources than recent decade according to official statistics.¹³⁰ What then exactly is the nature of the country's economy? The prevalence of different exchange rates and the effects of the shadow economy (the black market) and the lack of transparency make the understanding of the economy truly difficult. Furthermore, the statistics provided by the government are incomplete and often flawed, which makes accurate

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¹²⁸ CIA, *The World Fact book – Burma*,
<www.cia.gov/cia/publications/factbook/geos/bm.html#Econ> (September 28 2006)

¹²⁹ Sean Turnell, "Burma's economic prospects", Testimony before the Senate Foreign Relations Subcommittee on East Asian and Pacific Affairs, March 29 2006, found at <www.econ.mq.edu.au/burma_economic_watch> (October 29 2006)

¹³⁰ Sean Turnell, "Burma's April Fools", *The Irrawaddy*, May 2005,
<www.irrawaddy.org/aviewer.asp?a=4645&z=105> (October 29 2006)

assessments treacherous.¹³¹ What can be determined, however, is that the economy remains closed in comparison to other ASEAN countries. Compared to Vietnam, for example, whose economy opened up at about the same time (1988), Burma/Myanmar has achieved poorly.¹³² The reasons for this are manifold and are both domestic and international in cause. The unpredictability of the SPDC causes many potential and current investors to reconsider their investment plans.¹³³ Corruption is also a great problem; the biggest problem with it is the unpredictability of its nature in the Burmese/Myanma society. Many countries suffer from corruption but still experience foreign investment; the difference then being that corruption is predictable, and thus more manageable. In Burma/Myanmar however, the inconsistency of the SPDC renders it difficult to distinguish any pattern or trend in their behavior, even when regarding corruption.

International factors entail, of course, boycott campaigns, isolation policies and economic sanctions that in some cases prohibit companies from investing in Burma/Myanmar.¹³⁴ To make matters worse, in the late 1990s, East Asia, and in particular Southeast Asia, was struck by a severe financial crisis. Burma/Myanmar was not one of the countries directly affected by it; nonetheless, the country was affected in a more indirect way since investment from fellow ASEAN member states declined.¹³⁵

The designing of crucial economic policies are made at the very top level of

¹³¹ "Foreign Economic Trends Report: Burma" American Embassy, Rangoon, 1997

¹³² The Vietnamese economy experienced a growth in GDP of 8.4 percent in 2005 and it is expected to have grown by 7.8 percent in 2006. The same figures for Burma/Myanmar are 2-4 percent annual growth. See *Asian Development Outlook 2006*, Asian Development Bank, <www.adb.org/Documents/Books/ADO/2006/update/default.asp> (November 28 2006) and Sean Turnell, "Burma's economic prospects", Testimony before the Senate Foreign Relations Subcommittee on East Asian and Pacific Affairs, March 29 2006, found at <www.econ.mq.edu.au/burma_economic_watch> (October 29 2006)

¹³³ Sean Turnell, "Burma's economic prospects", Testimony before the Senate Foreign Relations Subcommittee on East Asian and Pacific Affairs, March 29 2006, found at <www.econ.mq.edu.au/burma_economic_watch> (October 29 2006)

¹³⁴ David I Steinberg, "Myanmar: The Roots of Economic Malaise" in *Myanmar; Beyond Politics to Societal Imperatives*, Kyaw Yin Hliang, Robert H. Taylor and Tin Maung Maung Than (eds), (Singapore: ISEAS 2005), 92-93.

¹³⁵ Mya Than, "Myanmar in ASEAN" (Singapore: ISEAS 2005), 73.

the military government in Burma/Myanmar.¹³⁶ This becomes a problem with the power structure the country has. Power in Burma/Myanmar is seen as being finite which, together with the importance of information as a tool of power, gives rise to a number of problems. Since information is conceived to be an element of power, it is not readily shared unless absolutely necessary.¹³⁷ This in turn may lead to information, crucial for making correct decisions, not reaching the decision-maker.

The Burmese/Myanma economy is by and large an agricultural economy. Agriculture, in 2001, accounted for roughly 43 percent of GDP and employed approximately 65 percent of the workforce. Industry accounted for a mere 18 percent, whereas services accounted for roughly 40 percent of GDP.¹³⁸

Recent discovery of large quantities of natural gas will provide, and is to some extent already providing, a much needed source of hard currency for the government, a topic which will be discussed in greater detail later. Burma/Myanmar's immediate neighbors, China, India and Thailand are all interested in the country's energy resources. These three neighbors are also major business partners to Burma/Myanmar and have notable commercial interests in the country. China and India have sold military supplies to Burma/Myanmar and have also provided training for military personnel.

Below are some of the problems affecting the Burmese/Myanma economy. They are not listed in any particular order and all of them need to be addressed when reforming the economy.

Different Exchange Rates

One of the issues which stymies the domestic economy is the use of different exchange rates for the Burmese/Myanma kyat, which is a non-convertible currency. First of all there is the official rate which stands at approximately US\$ 1 = 6 MMK.¹³⁹ Secondly, there is the unofficial rate used in every-day

¹³⁶ David I Steinberg, "Myanmar: The Roots of Economic Malaise" in *Myanmar; Beyond Politics to Societal Imperatives*, Kyaw Yin Hliang, Robert H. Taylor and Tin Maung Maung Than (eds), (Singapore: ISEAS 2005), 91.

¹³⁷ David I Steinberg, *Burma - The State of Myanmar*, (Georgetown University Press Washington D.C.2001), 38.

¹³⁸ Mya Than, "Myanmar in ASEAN" (Singapore: ISEAS 2005), 64.

¹³⁹ "Exchange rate", ASEAN Statistics, December 31 2005, <www.aseansec.org/Stat/Table4.2d.pdf> (November 15 2006)

life by the Burmese/Myanma population, which currently stands at approximately US\$ 1 = 1320 MMK.¹⁴⁰ In addition, there are a number of semi-official rates applied to different counter parties and circumstances. Foreign aid organizations and international NGOs are compelled to use this when they conduct operations in Burma/Myanmar.¹⁴¹ Exporting firms are negatively affected since most of their domestic costs are based on the unofficial rate and their export earnings are recorded at the official rate. International organizations are typically forced to operate at the official rate, resulting in gross overpayment.¹⁴² However, there have been rumors that the SPDC is planning to float the kyat, and thereby scrapping the system of different rates. Floating the currency would open up possibilities for reinstating trust in the kyat, which in turn is essential for resuscitating the economy of Burma/Myanmar.¹⁴³

High Inflation

The salaries of a substantial number of civil servants were increased dramatically in 2005, by up to 500 percent in some cases. This has brought about worries of increased inflation, as the military has also seen its wages rise drastically, with raises of between 500-1200 percent in 2005.¹⁴⁴ This is largely regarded as a move by the government to assuage rising dissatisfaction among those working for the civil sector and the military. The problem is that this move risks destabilizing the entire economy since it remains to be seen if the government can actually afford it, or whether it is just printing more money and thus fueling inflation. The government has

¹⁴⁰ The Irrawaddy, October 20 2006 <www.irrawaddy.org> (October 20 2006)

¹⁴¹ Sean Turnell, "Burma's economic prospects", Testimony before the Senate Foreign Relations Subcommittee on East Asian and Pacific Affairs, March 29 2006, found at <www.econ.mq.edu.au/burma_economic_watch> (October 20 2006)

¹⁴² "Country Assistance Plans", Asian Development Bank, <www.adb.org/Documents/CAPs/MYA/0100.asp?p=ctrymya> (October 20 2006)

¹⁴³ Larry Jagan, "Myanmar gets serious about reform" Asia Times, August 18 2006, <www.atimes.com/atimes/Southeast_Asia/HH18Ae01.html> (October 21 2006)

¹⁴⁴ "Paper money: Burmese civil servants still facing hardship despite salary hike", Democratic Voice of Burma, July 16 2006, <english.dvb.no/news.php?id=7458> (October 22 2006); "Burma lifts officials' pay up to 1200 %" Financial Times, March 26 2006; "Money, money, money: Salary hike for Burmese generals", Democratic Voice of Burma, March 25 2006, <english.dvb.no/news.php?id=6747> (October 22 2006); "Burma lifts officials' pay up to 1200 %" Financial Times, March 26 2006

clearly showed that it is not capable of dealing with economic issues, hence the quagmire state of the country's economic situation. It has been trying to control the price increases but with unsophisticated tools; as such there have been reports of police attacking merchants accused of over-pricing base commodities such as rice and tomatoes.¹⁴⁵ Inflation has been estimated by the Economist Intelligence Unit to have risen to over 20 percent in 2005, which in turn of course affects money savings in banks, rendering the "real rate" negative. Some analysts estimate inflation during the 1990s to have been between 50-100 percent, and compared to other Southeast Asian countries inflation is high.¹⁴⁶

Inflation (% per year)

	2001	2002	2003	2004	2005	2006	2007
Southeast Asia	4.7	4.5	4.3	4.3	6.3	7.3	4.9
Cambodia	0.3	3.3	1.2	3.9	5.8	4.5	3.5
Indonesia	11.5	11.9	9.8	6.5	10.5	14.0	7.5
Lao People's Dem. Rep.	7.8	10.7	15.5	10.5	7.2	9.0	9.0
Malaysia	1.4	1.8	1.2	1.4	3.0	3.5	3.3
Myanmar	21.2	57.0	36.6	-	-	-	-
Philippines	6.1	2.9	3.5	6.0	7.6	6.8	6.5
Singapore	1.0	-0.4	0.5	1.7	0.4	1.7	1.6
Thailand	1.6	0.6	1.8	2.8	4.5	4.0	3.0
Viet Nam	-0.4	3.8	3.1	7.8	8.3	6.0	5.0

Source: Asian Development Bank 2006¹⁴⁷

According to data from the Asian Development Bank, the country experienced double figure inflation in the early 2000s. Inflation in 2001 was 21.2 percent, 57.0 percent in 2002, and in 2003 it was 36.6 percent. In contrast, the average inflation rate for Southeast Asian countries was respectively, 4.7 percent (2001), 4.5 percent (2002), and 4.3 percent (2003).¹⁴⁸ The EIU estimates that the rate of inflation in the country will be over 20 percent in

¹⁴⁵ "Rice merchants and millers detained by special Burmese agents", Democratic Voice of Burma, August 04 2006, <english.dvb.no/news.php?id=7618> (October 22 2006)

¹⁴⁶ David I Steinberg, *Burma – The State of Myanmar*, (Georgetown University Press Washington D.C.2001), 157.

¹⁴⁷ There are no figures for 2004 and onwards for the level of inflation in Burma/Myanmar since there has not been enough credible information to make projections or assessments.

¹⁴⁸ "Outlook 2006 – Routes for Asia's trade", Asian Development Bank, 2006, Table A8, <www.adb.org/Documents/Books/ADO/2006/update/default.asp>, (October 20 2006)

the fiscal year 2005/2006 and that the local economy is unlikely to recover soon. The government is criticized by analysts for its poor economic policy and its penchant for resorting to quick fixes by printing more money to cover budget deficits.¹⁴⁹ If the population hopes to save money - as an alternative to spending or simply converting money into goods - the interest rates cannot be lower than inflation. The fixed interest rate cap of 15 percent that the government has put on lending, in turn yields “real” interest rates that are substantially negative, thus negatively affecting saving. Restoring trust in the currency and battling inflation will be mandatory in order to achieve sustainable economic development.¹⁵⁰

Dysfunctional Banking System

The aforementioned problem of inflation being higher than interest rates is a hard blow to the banking system. The rather extreme inflation rates of 2002 and 2003 are related to the banking crisis at that time in Burma/Myanmar. The banking system is supposed to be a core function of a nation’s wealth building especially by creating credit. In Burma/Myanmar, however, it is barely functioning. The banking crisis of the 1990s severely affected the economy in a negative way. With regards to lost output, the crisis was one of the most severe banking crises the world has ever witnessed.¹⁵¹ Trust in the banking system was dramatically damaged; both domestic and international actors were affected. The collapse of the bank system shows the incapacity of the Burmese/Myanma financial infrastructure and also of the urgent need to reform it. The ratio of cash-to-deposits in Burma/Myanmar is about 80 percent.¹⁵² In neighboring Thailand, the equivalent is about 10 percent. The ratio shows how much credit the banking system is “creating”, a credit which

¹⁴⁹ Clive Parker and Louis Reh , “Concerns grow over Burma’s rapidly increasing inflation”, *The Irrawaddy*, October 06 2005

¹⁵⁰ Sean Turnell, “Burma’s Economic Prospects”, Testimony before the Senate Foreign Relations Subcommittee on East Asian and Pacific Affairs, 29 March 2006, found at <www.econ.mq.edu.au/burma_economic_watch> (October 20 2006)

¹⁵¹ Sean Turnell, “Burma’s economy 2004: crisis masking stagnation” in Trevor Wilson, *Myanmar’s long road to national reconciliation*, (Singapore:ISEAS, 2006), 85.

¹⁵² The data is from 2001 and derived from the IMF’s *Monetary and Financial Statistics*, the only data available since Burma in 1998 stopped providing publications of the country’s national accounts.

is essential in building wealth.¹⁵³ According to Sean Turnell, an expert on Burma/Myanmar's economy, the increase of deposits in Burma/Myanmar's banks by 950 percent between 1995 and 2001 can largely be explained by extensive money laundering, conducted mostly by organizations affiliated to the drug trade. With half of the private banks of Burma/Myanmar being controlled or owned by the ruling military, there is a built-in unwillingness to reform, as this would greatly hamper their possibilities to enrich themselves.¹⁵⁴

Corruption

Many analysts and economists claim that the country is in desperate need of economic reforms. Analysis also point to the unlikelihood that the current leadership will undertake such reforms, since many people associated with the SPDC benefit directly or indirectly from the current situation. In the 2006 annual report from Transparency International, Burma/Myanmar ranks second last in the world; only Haiti is considered more corrupt.¹⁵⁵ The wedding video of Senior General Than Shwe's daughter (who married in summer of 2006) infuriated those who watched it. The footage, which was leaked in late October 2006, revealed the extravagant wedding ceremony, showing the bride draped in diamonds and other expensive jewelry. This prompted outrage and led to questions as to where the money had come from, since the country itself was so poor.¹⁵⁶

Poor Property Rights

Turnell argues that the main problem facing Burma/Myanmar's economic development is the lack of property rights.¹⁵⁷ The absence of functioning

¹⁵³ The lower the rate, the more credit is "created", thus a low rate is desired.

¹⁵⁴ Sean Turnell, "Reforming the banking system in Burma: A survey of the problems and possibilities", Paper presented to the 1st Collaborative International Conference of the Burma Studies Group, Gothenburg, Sweden, September 21-25 2002

¹⁵⁵ See the Transparency International 2006 *Annual Report* at <www.transparency.org/news_room/in_focus/cpi_2006/cpi_table> (October 19 2006)

¹⁵⁶ "Burma leader's lavish lifestyle aired", BBC News, November 2 2006, <news.bbc.co.uk/2/hi/asia-pacific/6109356.stm> (November 15 2006); "Thandar Shwe's Wedding", The Irrawaddy, <www.irrawaddy.org/bur/thandar_shwe.html> (November 15 2006)

¹⁵⁷ Sean Turnell, "Burma's Economic Prospects", Testimony before the Senate Foreign Relations Subcommittee on East Asian and Pacific Affairs, 29 March 2006, found at

property rights deters investment, both from domestic actors as well as international actors. The reason is quite simple: the lack of property rights in Burma/Myanmar means that there is a risk for the property owner of being alienated from his or her property. Securing property rights has thus been identified as a prime concern for establishing wealth within a nation since it gives incentives to work and to trade. Property rights are also crucial in creating capital; in particular mortgages on houses have proven to be one of the most important means of creating capital. But without secure property rights, these incentives will be lacking or severely diminished, with the result that the creation of capital and wealth is significantly hampered.¹⁵⁸

Capricious Policy Making

A stable macroeconomic policy is a prerequisite for sound economic development. In Burma/Myanmar, however, it is highly arbitrary, capricious, selective and irrational, and this in turn damages the prospects of good economic development.¹⁵⁹ During the BSPP leadership under Ne Win, bank notes were changed in 1987 to numbers divisible by nine – reportedly Ne Win’s lucky number. Hence, only notes of 15, 45 and 90 kyats remained as legal tender.¹⁶⁰ This ruined millions of people as the old notes became worthless.¹⁶¹ The current leader of the SPDC, Than Shwe, is also reported to be heavily influenced by astrology. There have been speculations as to why the military government relocated the capital from Rangoon/Yangon to Naypyidaw, and many claim it was due to the superstition of Than Shwe. “On November 11, at 11.00 hours, another convoy of 1,100 military trucks left

<www.econ.mq.edu.au/burma_economic_watch> (October 20 2006)

¹⁵⁸ David Landes, *The Wealth and Poverty of Nations*, (Praeger, New York 1998), 217-218.; Sean Turnell “Burma’s economy 2004: Crisis masking stagnation” found at Burma Economic Watch, <www.econ.mq.edu.au/burma_economic_watch> (October 20 2006); for further reading see David A. Leblang, “Property rights, democracy and economic growth” *Political Research Quarterly*, Vol. 49, No.1, (March 1996), 5-26 and Armen A. Alchian; Harold Demsetz “The Property Right Paradigm” *The Journal of Economic History*, Vol.. No. 1 (March 1973), 16-27.

Sean Turnell, “Burma’s Economic Prospects”, Testimony before the Senate Foreign Relations Subcommittee on East Asian and Pacific Affairs, 29 March 2006, found at <www.econ.mq.edu.au/burma_economic_watch> (October 20 2006)

¹⁶⁰ Notes of 15 were allowed since 15 times six equals 90.

¹⁶¹ *Journal of the Singapore Armed Forces*

<www.mindef.gov.sg/safti/pointer/back/journals/2002/Vol28_4/8.htm> (November 05 2006)

the same junction town, carrying 11 military battalions and 11 government ministries. The destination was the new capital-designate, 250 miles north of Rangoon.” This was following the first move of six ministries on November 6 at 6.24 AM (2+4=6).¹⁶²

Military Role/Rule

The military is the main architect of the country's economy and also the sole decision maker. It is involved in practically all layers of the economy with most of the decisions made at the very top. The influence of civilian administrators is low and they are not trusted with making decisions other than at the very local level, thus giving them very limited influence. There are historical roots for this behavior, which relates to the Tatmadaw and its conception of its role. The military generals have always seen themselves as the guardian of the state and the force that is preventing the state from falling apart. Historically, the Tatmadaw always harbored a deep-seated mistrust of civilians and their competence, which has “required” them to operate parts of the society that a military normally is not intended to.¹⁶³

The sometimes very arbitrary decisions made by the ruling generals, affecting the performance of the economy as a whole, have damaged the trust of investors and people in general, thus contributing greatly to the present catastrophic economic situation. There are many examples of erratic behavior: one is the reoccurring cycles of relaxation/restriction on border trade; another is the sudden arrest of whistle blowers – usually on the charge of “economic crime” – when they publicly draw attention to obvious blunders by the state¹⁶⁴

Sanctions

The two parties that have applied the heaviest sanctions as part of an

¹⁶² Myint Shwe “The Move to Pyinmana” Bangkok Post December 04 2005; Bo Kyaw Nyein, “Understanding the Burma's SPDC generals”, Mizzima News, January 26 2006, <www.mizzima.com/Solidarity/2006/January/26-Jan-06-02.htm> (November 20 2006)

¹⁶³ David I Steinberg, *Burma – The State of Myanmar*, (Georgetown University Press Washington D.C.2001), 69-77.

¹⁶⁴ Sean Turnell, “Burma's Economic Prospects”, Testimony before the Senate Foreign Relations Subcommittee on East Asian and Pacific Affairs, 29 March 2006, found at <www.econ.mq.edu.au/burma_economic_watch> (October 20 2006)

isolationist approach against Burma/Myanmar are the U.S. and the European Union. ASEAN countries, as well as China and India, on the other hand have supported the idea of “constructive engagement” and are thus still conducting trade with the country. China and India, in particular, are supporting the country economically with, among other, investments in the oil and gas industry. However, the ASEAN countries are growing more and more impatient with the SPDC’s clear neglect towards ASEAN representatives and the country’s internal situation.¹⁶⁵ Members of parliament of ASEAN countries, as well as Malaysian Foreign minister, Syed Hamid Albar, and his Singaporean counterpart, George Yeo, have expressed frustration over the lack of progress in Burma/Myanmar.¹⁶⁶

Money Laundering

The government of Burma/Myanmar has long been accused of not dealing with the problem of money laundering. The non-transparency of its economy renders it an easy target for money laundering operations and it is widely believed that such activities are common. In particular, the Myanmar Mayflower Bank and the Asia Wealth Bank have been identified as being involved in these activities on behalf of drug lords and groups involved in the drug trade, such as the United Wa State Army.¹⁶⁷ Several of the private banks also closely related to the top SPDC leaders are said to launder money as well.¹⁶⁸ These two banks have subsequently been closed for the official reason that they had violated banking laws.¹⁶⁹ According to a Financial

¹⁶⁵ “ASEAN statements may be just hot air on Burma” *The Irrawaddy*, July 24 2006, <www.irrawaddy.org/aviewer.asp?a=5997&print=yes&c=e> (October 05 2006); “Asian and Western ministers criticize Myanmar over slow pace of democratic reforms”, *Associated Press* July 28 2006, <www.burmanet.org/news/2006/07/28/associated-press-asian-and-western-ministers-criticize-myanmar-over-slow-pace-of-democratic-reforms/> (October 06 2006)

¹⁶⁶ For detailed statements from MPs of ASEAN see “*Asian Voices: Myanmar’s Threat to Regional Stability*” from ASEAN Inter-Parliamentary Myanmar Caucus found at <www.aseanmp.org> (November 04 2006)

¹⁶⁷ Sean Turnell, “Burma’s Economic Prospects”, Testimony before the Senate Foreign Relations Subcommittee on East Asian and Pacific Affairs, 29 March 2006, found at <www.econ.mq.edu.au/burma_economic_watch> (October 20 2006)

¹⁶⁸ Sean Turnell “Reforming the Banking System in Burma: A Survey of the Problems and Possibilities” found at *Burma Economic Watch*, <www.econ.mq.edu.au/burma_economic_watch> (October 20 2006)

¹⁶⁹ “Myanmar Closes Suspect Banks” *Taipei Times* April 03 2005

Action Task Force (FATF)¹⁷⁰ statement in February 2006 Burma/Myanmar together with Nigeria are the two only countries deemed as “non-cooperative” in respect to money laundering counter-measures.¹⁷¹ Only at the last session of FATF, held in 2006, was Burma/Myanmar discharged from the list after improvements had been made.¹⁷² This is however not to say that there is no longer a problem of money laundering in Burma/Myanmar. It only indicates that the government now takes a more serious attitude towards the issue.

Reform and Special Economic Zones

After external pressure to reform the economy and in partial recognition of the abysmal state of the economy, the government announced that it would launch special industrial zones. The law regulating the zones is still in the process of being finalized and it is expected that it will be finished by the middle of 2007. The first zone has been under development since 2004 and is located outside the airport in Rangoon/Yangon.¹⁷³ In China, such zones have been implemented successfully and China is also among those urging for Burma/Myanmar to undertake the establishment of similar zones. A grand total of 18 special economic zones are planned and they include tax-free operation for Foreign Direct Investment (FDI) during the first eight years.¹⁷⁴ Some of these zones are planned to be located along the Thai-Burmese/Myanma border. In thus doing, it is expected to stimulate trade and investments between the two countries. The zones are to be located in close proximity to the Thai side of the border with Thai industries operating on Burmese/Myanma ground, this in order to minimize the illegal migration of

<www.taipeitimes.com/News/biz/archives/2005/04/03/2003248956> (October 21 2006)

¹⁷⁰ Financial Action Task Force is an inter-governmental body with the purpose of preventing money laundering activities and battling terrorist financing.

¹⁷¹ “Chairman’s summary, Cape Town Plenum, 15-17 February 2005”, FATF, <www.fatf-gafi.org/dataoecd/16/23/36174130.pdf> (October 26 2006)

¹⁷² “Myanmar discharged from money laundering blacklist”, *The Peninsula* October 15 2006

¹⁷³ “Junta’s new law for special economic zones” *The Irrawaddy*, September 01 2006, <www.irrawaddy.org/aviewer.asp?a=6130&z=154> (November 3 2006)

¹⁷⁴ Ye Lwin, “Law proposes tax-free FDI” *Myanmar times*, Sept 4-10 2006, <www.myanmar.com/myanmartimes/MyanmarTimes17-332/b005.htm> (November 3 2006)

workers from Burma/Myanmar to Thailand.¹⁷⁵ In early September 2006, there were rumors that the SPDC was about to launch a reform package for the economy. This would entail opening up parts of the economy for foreign investment through privatization, reforming the bank sector, and floating the local currency (kyat) on the world market. Optimists claim that the government is serious about carrying out reform while others say it is just a new way for the generals to further enrich themselves.¹⁷⁶ There are also doubts as to whether the existing financial infrastructure of the country is able to cope if such reform is implemented. Another big problem is the lack of expertise and competence among the Burmese/Myanma population. The years of isolation have effectively stripped the country of much of the necessary experience needed for running an economy in the 21st century. In order to succeed, the reforms would have to be put in place very slowly and with external assistance. With the SPDC's reluctance in accepting foreign advice, this seems a daunting task.

Health

A Brief Overview

The warm tropical climate with heavy monsoon rains and a historical inability – due to mismanagement of the economy and incompetence – by governments to provide effective goods and services have meant that endemic diseases have been prevalent in Burma/Myanmar for a very long time. In spite of the bad standard of public health during the socialist era (1962-1988), health care nevertheless assumed a higher priority and the Ministry of Health was staffed at higher levels by medical people who were more competent compared to those today.¹⁷⁷

The present situation is indeed worrisome. Already in 1990, a UNICEF representative, Rolf Carriere, labeled the situation in Burma/Myanmar a

¹⁷⁵ Ye Lwin, "Thai-Myanmar industrial zones edge nearer as study completed" Myanmar times, Jan30-Feb5 2006, <www.myanmar.com/myanmartimes/MyanmarTimes16-302/boo4.htm> (November 03 2006)

¹⁷⁶ Larry Jagan, "Myanmar gets serious about reform" Asia Times, August 18 2006, <www.atimes.com/atimes/Southeast_Asia/HH18Ae01.html> (October 15 2006)

¹⁷⁷ David I Steinberg, *Burma – The State of Myanmar*, (Georgetown University Press Washington D.C.2001), 210 -211.

“silent emergency” in a leaked confident report to the UN Secretary-General. One of the reasons for the dire situation is the current government’s unwillingness or inability to cooperate with international NGOs such as the Global Fund to Fight Aids, Tuberculosis, and Malaria and the International Committee of the Red Cross (ICRC).¹⁷⁸ Another reason can be found in the brain drain that has left Burma lacking in skilled and educated people.¹⁷⁹

Many parts of the country still lack adequate health care and access to basic treatment. Preventive, acute and post-treatment is often non-existent.

As the country’s economy has failed to provide the means necessary for the successful development of the country, and the existing means have in large been used by the military, the health care sector has suffered accordingly. In the fiscal year of 1998/1999, military spending is known to have accounted for 30 percent of government spending. Although military spending in subsequent years has been difficult to ascertain, there are nevertheless indications that defense expenditure continued to remain at a high level in 2000.¹⁸⁰ In contrast, spending on health in the same year (2000) amounted to just 0.18 percent of GDP.¹⁸¹ In 2005 Burma/Myanmar was ranked as one of the bottom ten countries in the world with health spending constituting only 0.5 percent of GDP.¹⁸² This, of course, has an impact on the availability and quality of the health care provided. The consequences include a short life expectancy among the population and reduced productivity, since the higher tendency to fall ill has affected the workers’ ability to perform labor.¹⁸³ The

¹⁷⁸“Myanmar’s HIV/AIDS, Malaria, TB Fund To Begin Operations On Oct. 12”, Medical News Today, October 16 2006, <www.medicalnewstoday.com/medicalnews.php?newsid=54046> (November 09 2006); “ICRC forced to stop more Burma activities”, Democratic Voice of Burma, November 17 2006, <english.dvb.no/news.php?id=8279> (November 20 2006)

¹⁷⁹ Ralph Bachoe, “Fate of Refugees”, Bangkok Post, January 19 1998, <www.ibiblio.org/obl/reg.burma/archives/199801/msg00248.html> (November 9 2006)

¹⁸⁰ Andrew Selth, *Burma’s Armed Forces*, (EastBridge: Norwalk 2002), 134.

¹⁸¹ David I Steinberg, *Burma – The State of Myanmar*, (Georgetown University Press Washington D.C.2001), 212; Andrew Selth, *Burma’s Armed Forces*, (EastBridge, Norwalk 2002), 135.

¹⁸² Clive Parker, “Burma falling further behind on development goals” The Irrawaddy October 17 2006, <www.irrawaddy.org/aviewer.asp?a=6275&z=154> (October 29 2006)

¹⁸³ Safman Rachel M., *Assessing the Impact of HIV and Other Health Issues in Myanmar’s Development*, in *Myanmar; Beyond Politics to Societal Imperatives*, Kyaw Yin Hliang, Robert H. Taylor and Tin Maung Maung Than (eds), (Singapore: ISEAS 2005), 118.

health situation in many regions of the country is catastrophic. When the World Health Organization (WHO) presented its list of countries' health care performances, Burma/Myanmar was ranked number 190 out of 191 countries. A recent study¹⁸⁴ carried out in the eastern parts of the country among communities with internally displaced people, claims it is a humanitarian crisis. "The mortality rates...are more like Angola, Rwanda, Somalia, and other disaster zones," says Voravit Suwanvanichkij, physician and researcher at Johns Hopkins University in Washington DC. The study, the first of its kind, identifies maternal mortality and infant mortality rates that are disturbing. The mortality rate for children under five years was 104 per 1,000 live births in 2004, whereas the same figure in neighboring Thailand was 21.¹⁸⁵

Malnourishment is common among children throughout Burma/Myanmar, especially in the border regions. In the 1990s, about 5 percent of children under 6 months were malnourished. However, the number increased to about 35 percent by the time they had reached the age of one. The rates have shown signs of improvement, but with the downward trend in the economy, they are likely to have increased again in the last two to three years.¹⁸⁶

Common illnesses such as diarrhea and malaria can be easily prevented and are treatable given basic health care improvements. There are growing worries among Burma/Myanmar's immediate neighbors (China, India and Thailand) that refugees crossing into their country bring with them health problems. Especially worrisome is the resistant form of malaria that has been on the increase in Burma/Myanmar, in addition to tuberculosis and HIV/AIDS. Malaria is a big problem across the country; in 1985 the infection rate was 5 percent of the population whereas in 1995 it was 22 percent.¹⁸⁷ Another negative development recently occurred when the

¹⁸⁴ The study was carried out by the Backpack Health Worker Team (BPHWT) and is the first of its kind in Burma/Myanmar.

¹⁸⁵ "SPDC-made disaster: Health crisis in Burma worse than poorest Africa", Democratic Voice of Burma, September 07 2006, <english.dvb.no/news.php?id=7817> (October 15 2006); WHO, "World Health Report 2006" found at <www.who.int/whr/2006/en/index.html> (November 10 2006)

¹⁸⁶ David I Steinberg, *Burma: The State of Myanmar*, (Georgetown University Press Washington D.C.2001), 210.

¹⁸⁷ *Ibid.*, 212.

government suspended a scheduled UN-sponsored campaign set to vaccinate 13 million schoolchildren against measles. The reason given was the top leaders' fear that the vaccination was not medically safe. The military's stance demonstrates either a blind ignorance about medicine, or a badly disguised unwillingness to cooperate with international bodies in order to improve the health standards of its people.¹⁸⁸

HIV/AIDS

The concern over HIV/AIDS is one of the reasons cited for putting Burma/Myanmar on the UNSC's agenda on September 15 2006. HIV/AIDS is spreading within Burma/Myanmar with about 2 percent of the population between 15-49 years carrying the virus. The massive production of illicit drugs, such as heroin and methamphetamine, has led to an increase in the number of drug users. The injecting users often share needles and thus contribute to the spreading of HIV. These diseases are not only confined to Burma/Myanmar; the flow of people across borders has resulted in the spread of this problem, and has thus made it an international problematic. There are considerable movements of people across the borders: China faces the influx of illegal workers while Thailand faces a large influx of illegal workers as well as refugees. But there are also many people transporting goods, both legally and illegally, back and forth, who "help" transmit the diseases. To illustrate the scope of this problem, reports state that in 1998 roughly 80 percent of all reported HIV cases in China were found along the border with Burma/Myanmar.¹⁸⁹ Other reports suggest that, with very few exceptions, all strains of HIV circulating in Asia, from India to Vietnam, from mid-China to Indonesia, come from Burma/Myanmar. This genetic evidence points to Burma/Myanmar as a major contributor to new forms of the HIV virus. The government's restrictions on NGOs working with the HIV/AIDS problem have caused some of them to back out of the country. One of the biggest contributors that have backed out so far is the Global

¹⁸⁸ Clive Parker and Ko Latt, "SPDC Fears Undermine Immunization in Burma" *The Irrawaddy* October 10 2006, <www.irrawaddy.org/aviewer.asp?a=6260&z=154> (November 03 2006)

¹⁸⁹ Soe Myint, "Health-Asia: Burma HIV Epidemic Spreads to India, China," *Inter Press Service*, November 10 1998

Fund to Fight AIDS, Tuberculosis and Malaria¹⁹⁰. In August 2005 the Global Fund announced that it was withdrawing funding worth \$100 million over five years, due to the extreme difficulty of cooperating with the government. The Global Fund had difficulty contacting the relevant authorities inside the country to coordinate its activities; the government also changed regulations concerning areas which could be visited by aid organizations and introduced new restrictions, thus rendering the Global Fund's work impossible.¹⁹¹

At the beginning of October 2006, a new organization signed a memorandum of understanding with the government, and it will continue the work fighting HIV/AIDS, malaria, and tuberculosis. The organization is called "The 3D fund", and it has been set up specifically for Burma/Myanmar, funded by Australia, Britain, the Netherlands, Norway, Sweden and the European Commission. Its engagement will span over five years and it has raised a total of \$100 million that will be allocated evenly over the five-year period. The 3D fund has been specifically adapted to fit the Burmese/Myanma situation and believes itself to be able to succeed by bypassing the government and channeling funds directly to NGOs and local authorities.¹⁹²

Avian Influenza/Bird Flu

In September 2006, the government officially declared the country free of the virus. Until that time there had been more than 100 outbreaks of the virus, none including humans.¹⁹³ In April the same year however, a representative from the United Nations Food and Agriculture Agency said that the country lacked the means to cope with the spread of the disease. He also stated that

¹⁹⁰ The Global Fund to Fight Aids is a partnership between governments, civil society, the private sector and affected communities. A large number of influential international organizations are partners of the Fund, such as; UNAIDS, UNDP, UNICEF, WHO, SIDA. See <www.theglobalfund.org> for further information.

¹⁹¹ Andrew Marshall, "AIDS: Burma's shadowy mass export" July 2006, <www.irrawaddy.org/aviewer.asp?a=5953&z=102> (October 05 2006)

¹⁹² "Hopes in Myanmar for new fund to fight deadly diseases" Agence France Press October 11 2006, <news.yahoo.com/s/afp/20061011/hl_afp/myanmarhealthaids_061011120348> (October 12)

¹⁹³ Nga Ngai, "Burma free of bird flu", Mizzima News, September 07 2006, <www.bnionline.net/index.php?option=com_content&task=view&id=538&Itemid=6> (November 13 2006)

awareness about the disease within the country was relatively low.¹⁹⁴ There have been fears that the government is trying to cover up the scope of the spread in Burma/Myanmar, and that the situation is not under full control.¹⁹⁵ However, the World Health Organization has not signaled that there is any threat of any further outbreaks in the country.¹⁹⁶ Despite the fact that the WHO representative in fact did state the country to be free of the virus¹⁹⁷, one should still remain wary, since there has been no further update from the WHO on the matter.

Spending on Health Care

The government spent only 0.4 percent of GDP on healthcare in 2002, the lowest in the region. Other Southeast Asian countries spend substantially more on health care compared to Burma/Myanmar: in the same year, Thailand spent 3.1 percent; Laos and Vietnam both spent 1.5 percent; and Cambodia spent 2.1 percent of GDP on health.¹⁹⁸ Meanwhile, the EU average spending on medical and health care in 2003 was 7.6 percent of GDP.¹⁹⁹

In Burma/Myanmar, the government, the social security system, private households, community contributions and external aid together make up the financial backbone for health care.²⁰⁰ Notably, military personnel are not affected in the same way as the general population, since they have their own

¹⁹⁴ "Myanmar faces bird flu crisis", News 24.com, <www.news24.com/News24/World/Bird_flu/0,,2-10-1959_1914046,00.html> (October 14 2006)

¹⁹⁵ Ed Cropley, "Myanmar – The world's bird flu black hole?", BurmaNet News, October 12 2005, <www.burmanet.org/news/2005/10/12/myanmar-the-worlds-bird-flu-black-hole-ed-cropley/> (November 23 2006)

¹⁹⁶ "Avian Influenza – Situation in Myanmar", WHO Regional Office for South-East Asia, <w3.who.sea.org/en/Section10/Section1027_11541.htm> (November 14 2006)

¹⁹⁷ Nga Ngai, "Burma free of bird flu", Mizzima News, September 07 2006, <www.bnionline.net/index.php?option=com_content&task=view&id=538&Itemid=6> (October 14 2006)

¹⁹⁸ UNDP Human Development Reports, <hdr.undp.org/statistics/data/rc_2005.cfm> (October 22 2006)

¹⁹⁹ "Health care expenditures % of GDP", Eurostat, <epp.eurostat.ec.europa.eu/portal/page?_pageid=1996,39140985&_dad=portal&_schema=PORTAL&screen=detailref&language=en&product=sdi_ph&root=sdi_ph/sdi_ph/sdi_ph_hum/sdi_ph1120> (November 15 2006)

²⁰⁰ Ministry of Health, <www.myanmar.com/Ministry/health/do7.htm> (November 03 2006)

healthcare system.²⁰¹ Senior military figures also receive health care abroad, most often in Singapore.²⁰² It has been said that given their own access to health care services and access to education, the Tatmadaw has come to function as a “state within a state”.

Different Regions Experience Different Health Care Situations

Within the country, the health care situation varies greatly depending on the region, with the hilly regions²⁰³ experiencing the worst conditions. The central part, where the ethnic Burmans are in the majority, has the best health care. Geographically, this part is easier to serve given the difficult conditions in the border areas given their under-developed infrastructure and insurgencies.²⁰⁴ The members of the military and their families are privileged with regards to health care. The majority of the army is ethnic Burman and accordingly, the conclusion is that the minorities face the worst situation.

What Can Be Done?

The government has launched projects²⁰⁵ to strengthen the health care situation in the country, but they have fallen short of their goals. Furthermore, the government has obstructed humanitarian NGOs in their work of trying to help the population: travel restrictions and different reporting mechanisms have served to hamper the projects, leading organizations to withdraw from Burma/Myanmar. Major spending on the military and poor economic planning leaves little funds for healthcare spending. Thus, to address Burma/Myanmar’s health problems, there needs to be a shift in priority from military spending to spending on the health care

²⁰¹ Ralph Bachoe, “Fate of Refugees”, Bangkok Post, January 19 1998, <www.ibiblio.org/obl/reg.burma/archives/199801/msg00248.html> (November 03 2006)

²⁰² “Myanmar’s Ne Win said in Singapore for treatment”, Reuters, September 28 1998, <www.ibiblio.org/obl/reg.burma/archives/199809/msg00876.html> (November 23 2006); “Burma junta chair Than Shwe in Singapore for medical treatment”, Democratic Voice of Burma, August 26 2005, <english.dvb.no/news.php?id=5454> (November 23 2006)

²⁰³ Chin, Kachin, Karen, and Kayin states

²⁰⁴ “Myanmar: Aid to the border areas”, ICG Asia Report No. 82, September 09 2004 <www.crisisgroup.org/home/index.cfm?id=2958&l=1> (November 23 2006)

²⁰⁵ Ministry of Health, <www.myanmar.com/Ministry/health/bo2.htm> (November 03 2006)

sector, as well as economic reforms. A genuine willingness to cooperate with foreign donor organizations is also crucial if there is to be any amelioration of the situation. The international community should recognize the severity of the humanitarian situation and seek constructive ways to reach out to those who require aid.

Education

The literacy rate in Burma/Myanmar was in 2004 reported by UNESCO to be 95.7 percent.²⁰⁶ In fact, it was too high for the country to be accepted as one of the “Least Developed Countries” when it applied in 1987; but an exception was made due to the poor general situation. School enrollment continues to be high even if there are signs of decreasing numbers. Gender equality in education is generally high except in universities where there are almost two males per female.²⁰⁷ However, the educational situation remains especially poor in the border regions, where infrastructure is poor and insurgencies severe. Although the circumstances differ from village to village, the situation in these regions is generally below the national average.²⁰⁸

Universities have been closed on several occasions and for different periods of time. Students have gathered in different sized congregations to protest about their situation and that of the country as a whole. The SPDC, fearing further uprisings, has responded by shutting down universities where extended protests have occurred, sometimes for months. Since 1962, the universities have been closed for about 20 percent of the time.²⁰⁹ This is of course not an ideal situation for promoting higher learning; neither will it silence the disgruntlement of the students. Most likely it will only serve to create even further hostility towards the SPDC. Meanwhile the SPDC's grip

²⁰⁶ Individuals between 15-24, “The Millennium Development Goals: Progress in Asia and the Pacific 2006”, ADB, UNDP and UNESCAP, <www.mdgasiapacific.org/2ndMDGReport/progress2006.htm>, (November 14 2006)

²⁰⁷ Clive Parker, “Burma falling further behind on development goals”, *The Irrawaddy* October 17 2006

²⁰⁸ “Myanmar: Aid to the border areas”, ICG Asia Report No. 82, September 09 2004, 9. <www.crisisgroup.org/home/index.cfm?id=2958&l=1> (November 23 2006)

²⁰⁹ David I Steinberg, *Burma: The State of Myanmar*, (Georgetown University Press Washington D.C.2001), 209.

on student activism continues.

In September/October of 2006, both student leaders and former student leaders were arrested. On the day of the NLD's celebration to commemorate the 1990 election victory, former student leaders were arrested in their homes and taken into custody.²¹⁰ Later they were accused of instigating terrorism by causing public uprising. The arrests came only a day after the U.S. request to the UN Security Council to adopt a resolution calling for the release of political prisoners.²¹¹ The difficult situation for university students, combined with the terrible conditions in the country, has led to a brain drain among the educated masses, including those young people who can afford to move abroad in pursuit of a better life and education.

Forced Labor

Burma/Myanmar is an extreme case when it comes to state-imposed forced labor, according to the International Labour Organization (ILO). The military uses the population to construct roads, military bases and for portering.²¹² Villages are often given tasks to carry out and, when they fail, they are collectively punished. The use of children as forced labor has also been frequently reported.²¹³ The ILO has condemned the government repeatedly, and has also threatened to withdraw assistance given to the country unless the state ceases to use its citizens as forced labor. Not only are the people forced to work without pay, they also have to supply the military with food or building materials.²¹⁴ The construction of the new capital,

²¹⁰ Aye Aye, "Myanmar detains three activists", ABC News October 04 2006

²¹¹ Amy Kazmin, "Burma accuses arrested dissidents of terrorism", Financial times, October 04 2006, <www.ft.com/cms/s/e95982be-5337-11db-99c5-0000779e2340.html> (October 05 2006)

²¹² Patrick Belser, Michaelle de Cock, Farhad Mehran, "ILO Minimum Estimate of Forced Labour in the World", 2005, <digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1006&context=nondiscrim> (November 05 2006); Khun Sam, "More Forced Labor Reports as ILO Meets", The Irrawaddy, October 13 2006, <www.irrawaddy.org/aviewer.asp?a=6378&z=154> (October 15 2006)

²¹³ ILO Report "A Global Alliance Against Forced Labor" International Labor Conference 93rd Session 2005, <www.ilo.org/dyn/declaris/DECLARATIONWEB.INDEXPAGE> (November 05 2006)

²¹⁴ Paulo Sergio Pinheiro, "Report of the Special Rapporteur" UN Document

Naypyidaw, is believed to be undertaken by a forced and/or grossly underpaid workforce.²¹⁵ The SPDC has put into place a policy of prosecuting people who complain about forced labor (calling them false complaints) in order to dissuade people from reporting such cases.²¹⁶ The ILO has decided to seek an advisory ruling of the International Court of Justice in The Hague on the government's failing to address the use of forced labor. The decision was made official after the SPDC had failed to comply with requirements set by the ILO in June 2006.²¹⁷

Narcotics

The Golden Triangle, infamous for its drug production, comprises Burma/Myanmar, Laos, Thailand, and Vietnam and has been one of the most active opium-producing regions in the world since the 1950s. In recent years though, there has been a dramatic decrease in the production of opium/heroin in Burma/Myanmar, and a subsequent increase of methamphetamine production. According to the United Nations Office on Drugs and Crime (UNODC), the cultivation of opium dropped by 34 percent during 2005; however improvements in production techniques have actually increased the amount of opium produced and the country still remains the world's number two producer of opium after Afghanistan.²¹⁸

E/CN.4/2006/34, February 07 2006

²¹⁵ Clive Parker, "Naypyidaw: A Dusty Work in Progress" *The Irrawaddy*, October 06 2006, <www.irrawaddy.org/aviewer.asp?a=6249&z=102> (October 6 2006)

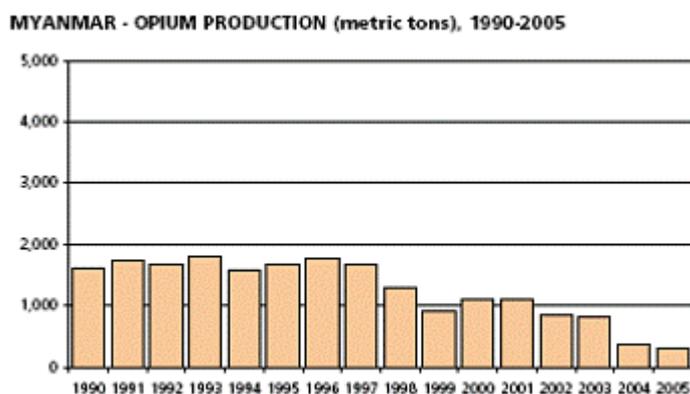
²¹⁶ Paulo Sergio Pinheiro, "Report of the Special Rapporteur" UN Document E/CN.4/2006/34, February 07 2006

²¹⁷ Clive Parker, "ILO to seek International Court of Justice ruling on Burma", *The Irrawaddy*, November 17 2006, <www.irrawaddy.org/aviewer.asp?a=6397&z=154> (November 17 2006)

²¹⁸ Clive Parker, "Burmese opium cultivation down, but production rises", *The Irrawaddy* October 13 2006, <www.irrawaddy.org/aviewer.asp?a=6270&z=154> (October 14 2006)

Heroin

The production of heroin has steadily declined since the 1990s. Exact numbers are hard to come by, but the UNODC World Drug Report estimates production to have been 312 tons in 2005.²¹⁹ According to the same



Source: UNODC World Drug Report 2006

situation. The state says it has intensified efforts to reduce the opium production and that it has also cooperated closely with the UNODC. In spite of cooperation with the UNODC, these statements should be considered with some skepticism.

The production of opium is today confined to the Shan state, which produces 95

percent of the total amount of opium in Burma/Myanmar.²²¹ According to the government-affiliated weekly, *The Myanmar Times*, the Wa region is – as of January 2006 – poppy-free.²²² These numbers also correspond to the recent UNODC report on opium

²¹⁹ INCSR Annual Report 2006, 241.,

<www.state.gov/p/inl/rls/nrcrpt/2006/vol1/pdf/index.htm> (October 01 2006)

²²⁰ UNODC Strategic Programme Framework in Myanmar 2004-2007, November 02 2004,

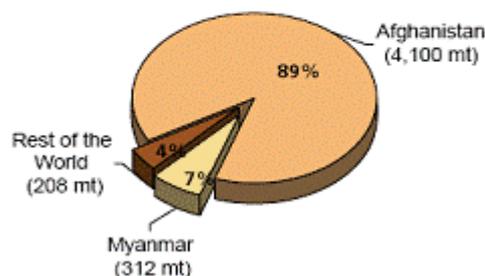
<www.unodc.org/pdf/myanmar/myanmar_strategic_programme_framework.pdf> (November 28 2006)

²²¹ “Opium Poppy Cultivation in the Golden Triangle” UNODC October 2006, <www.unodc.org/unodc/en/publications/publications.html> (November 28 2006)

²²² Thet Khaing, “No opium production in Wa region: Survey”, *The Myanmar Times*, Jan 30-Feb 05 2006, <www.myanmar.com/myanmartimes/MyanmarTimes16-302/1011.htm> (October 01 2006)

report, production of opium was 810 tons in 2003.²²⁰ These numbers indicate a dramatic decrease in production and they correspond quite accurately with the official picture given by the state on the

2005



Source: UNODC World Drug Report 2006

production in the Golden Triangle, which claims there is no opium production in the Wa region.²²³ The end of opium production has not rendered the region drug free, however. The fall in production of opium has been followed by an increase in the production of methamphetamines. Estimates show a yearly production of methamphetamines that exceeds 1 billion pills in Burma/Myanmar.

The question is how sustainable the decline in opium production will be, since poppy is grown by poor farmers who depend on its production for their livelihoods. Poppy is the most lucrative crop for the farmers and finding an alternative source of income will prove essential for battling the production of poppy and opium with any credibility. It will be the fundamental task of the government if it wants to fight the production of poppy. However, it will be difficult given the conflict in progress. The major part of the illicit poppy being grown is in the border areas, which are inhabited by minorities. The same regions are also involved in insurgency fighting against the ruling government. The eradication of poppy cultivation through alternative livelihoods with governmental help is thus very restricted and unlikely as long as fighting goes on.

The political situation – with sanctions and isolation being imposed – hampers the situation for poppy-cultivating farmers since international help and donor-organizations have become increasingly unwilling to contribute to Burma/Myanmar. With opium being by far the most lucrative crop for farmers, they are reluctant to switch to other crops unless there are real, alternative cash crops that can generate reasonable income for them.²²⁴

Government Opium Eradication Strategy

In 1999, the government embarked on a 15 year plan for eliminating the production of illicit poppy and opium. The aim is to permanently eliminate the production of opium by 2014; the UNODC is aiming at the sustainable elimination of opium in the Wa area by 2008. A major problem for the

²²³ “Opium Poppy Cultivation in the Golden Triangle” UNODC October 2006, <www.unodc.org/unodc/en/publications/publications.html> (November 28 2006)

²²⁴ UNODC Strategic Programme Framework in Myanmar 2004-2007, November 02 2004, <www.unodc.org/pdf/myanmar/myanmar_strategic_programme_framework.pdf> (November 28 2006)

government is that they do not fully control the border areas, where local governments and warlords have strongholds and can claim legitimacy from the local population. In particular, the Wa region has more or less been granted autonomy by the government, and the latter has little military control over this area. When agreeing to the cease fire that is currently in place, the United Wa State Army (UWSA) was given extended autonomy in what was to be named “Special Region No.2”. The UWSA is the strong political/military organization that controls the Wa region/Special Region No.2 with a well-armed force of about 20,000 men. The UWSA is known for its close involvement in the narcotics business, in the production and smuggling of both methamphetamine and heroin.²²⁵

Apart from the problem with armed conflict, there is also the issue of corruption and the misuse of power that follows in the wake of narcotics, as they can generate massive profits. Drug trafficking is made easy by corrupt officials at local levels who look the other way, and customs officers who allow illicit cargo to cross borders.

Methamphetamine/Yaa-baa

Thailand’s war on drugs has battled heroin production and smuggling in Thailand with some success. However, demand for methamphetamine, also known as crystal meth and ice in the U.S., yaa-baa (madness drug) in Thailand, has increased dramatically. To accommodate this new demand, and due to the efforts from various governments to suppress poppy production, drug lords in Burma/Myanmar have started to shift their production from heroin to yaa-baa. There are several advantages of producing yaa-baa: the drug does not require vast areas of land, and unlike poppy plantations, which are easily detectable from the ground or from satellite, and dependent on the weather, yaa-baa is a totally synthetic-made drug that can be produced with relatively low level of sophisticated equipment. The drug is generally made in small mobile laboratories near the Thai-Burma/Myanmar border.²²⁶

²²⁵ “Soldiers of Fortune”, *Time Asia*, December 16, 2002, Vol.160, No. 23, <www.time.com/time/asia/magazine/printout/0,13675,501021216-397549,00.html> (October 01 2006)

²²⁶ Pierre-Arnaud Chouvy “The yaa baa phenomenon in Mainland Southeast Asia”

The spreading number of drug users, especially injecting users, greatly contributes to the spread of HIV/AIDS in the region. According to a UNODC report, some 30 percent of all new cases of HIV/AIDS are attributed to injecting drug users.²²⁷

Minorities/Ethnicities

Burma/Myanmar is a very diverse country ethnically with about 130 different ethnic groups.²²⁸ It is divided into 14 regions, seven states and seven divisions. The largest group consists of the Burmans, which make up roughly two thirds of the country's 55 million people.²²⁹ The states are predominantly occupied by the Burman ethnic group, and the divisions by minority groups. Almost all of the latter inhabit the border areas near the neighboring countries and also spill into these countries. The Shan is the largest minority group at 9 percent, followed by the Karen at 7 percent. Minorities have been looked upon with suspicion by the SPDC for their ties to the outside world – many NGOs have historically been involved and concerned with the situation of the minorities and have provided them with assistance.

There is a conflict of perceptions among the Burmans and the minorities. The Burmans (particularly the military elite) claim to be *the* one uniting force of the country, asserting that the minorities are not to be trusted since they are likely to break up the union. The Burmans are the one and only ethnic group whose entire population resides fully within the borders of Burma/Myanmar and this, according to them, legitimizes their claim to power. The name of the country also reinforces this legitimacy in their eyes. On the other hand, the minorities perceive themselves to be discriminated by the Burmans, who dominate the state apparatus and the military. They assert

Harvard Asia Pacific Review Vol.8, No. 2, Fall 2005, 19-22.

²²⁷ UNODC Strategic Programme Framework in Myanmar 2004-2007, November 02 2004, <www.unodc.org/pdf/myanmar/myanmar_strategic_programme_framework.pdf> (November 28 2006)

²²⁸ UNICEF, At a glance: Myanmar, <www.unicef.org/infobycountry/myanmar.html> (October 02 2006)

²²⁹ "Key indicators of Developing Asian and Pacific Countries", *Key Indicators 2006*, Asian Development Bank 2006, <www.adb.org/Documents/Books/Key_Indicators/2006/default.asp> (November 16 2006)

that conditions agreed upon in the 1947 constitution have not been respected by the Burmans, and that the minorities lack influence in the running of the country. These are but a few of the conflicting ethnic perceptions that exist today and serve to exacerbate the situation.²³⁰

Among the minorities, the fiercest insurgencies take place in the Shan and the Karen state. The past year has seen an increase in the SPDC's aggressiveness towards the Karen minority. Attacks on villages have been undertaken – even during the monsoon season, a season where fighting is normally paused.²³¹ The government has used a “Four Cuts” strategy to combat these rebel armies.²³² Efforts to cut recruitment to the rebel armies have in effect meant forcibly relocating the civilian population from their homes. There have been many reports of human rights abuses by the government forces in these areas. The systematic use of rape, torture, destruction of houses and crops and other violations have also been reported by many sources since the take over of the SLORC/SPDC in 1988.²³³ The use of forced labor has been one of the most common breaches of human rights.²³⁴ In order for Burma/Myanmar to proceed with sustainable development, solving the ethnic conflict problem and the ending of human rights' abuses is imperative.

Internally Displaced Persons (IDPs)

The number of IDPs has been on the increase ever since 1988 when the SLORC/SPDC took power. In February 2006, the army launched an offensive in the eastern parts of Burma/Myanmar which, according to several sources, displaced yet another 18,000 persons. Many of the displaced persons live in refugee camps on the Thai side of the border, or are hiding in

²³⁰ David I Steinberg, *Burma: The State of Myanmar*, (Georgetown University Press Washington D.C.2001), 190-191.

²³¹ “Karen groups warn of intensified dry season attacks”, Democratic Voice of Burma, November 20 2006, <english.dvb.no/news.php?id=8287> (November 21 2006)

²³² In principle this has meant trying to cut recruiting, intelligence, logistics, and finance.

²³³ Clive Parker, “UN should call for Security Council action on Karen, says Pinheiro”, The Irrawaddy, October 17 2006, <www.irrawaddy.org/aviewer.asp?a=6278&z=154> (October 17 2006)

²³⁴ “Resolution on the widespread use of forced labor in Myanmar” ILO Resolution adopted at the 87th Session in Geneva, June 1999

the jungle in the border regions. The total number of IDPs in the eastern part of the country²³⁵ was calculated at 540,000 in 2005, according to the Norwegian Refugee Council. The cease-fire areas represent the biggest category of IDPs.²³⁶ IDPs endure very harsh conditions due to the lack of access to basic social services such as housing, health care, and education. They are also often used as forced labor for either the Tatmadaw, as porters, or as workers on infrastructure projects.²³⁷ According to different reports from organizations monitoring the situations of the Karen and the Shan groups, the Tatmadaw is imposing abuse on the minorities in the form of forced labor, violence, and sexual violence towards women. There have been reports of systematic rape committed by the army as a strategy towards the ethnic insurgents.²³⁸ The UN has repeatedly called for the government of Burma/Myanmar to respect human rights and cease activities such as those described above.²³⁹

Political Suppression and Political Prisoners

The situation for the political opposition in the country is troublesome. Many of the local offices of the NLD have been closed down, and people attending the offices still open are under surveillance from government agents. Arbitrary arrests of opponents of the SPDC have been reported on numerous occasions, and public gatherings are not tolerated. The legal framework of Burma/Myanmar is used to repress the opposition and to complicate their work, with laws prohibiting the instigation of public unrest, amongst others. The SPDC has resorted to labeling the opposition as terrorists, so enabling it to use a more powerful rhetoric and set of actions against the opposition.²⁴⁰ It is believed that in 2006, there were about 1,100 political prisoners in Burma/Myanmar, even though the SPDC denies any

²³⁵ There is no official estimate for the total number of IDPs for the whole of Burma/Myanmar.

²³⁶ IDMC report, "Myanmar (Burma): A Profile of the internal displacement situation, May 10 2006, 81-90.

²³⁷ Ibid., 12, 30.

²³⁸ Ibid., 98-100.

²³⁹ UN paper E/CN.4/2006/67/Add.1, 22-26, March 27 2006, <daccessdds.un.org/doc/UNDOC/GEN/Go6/121/93/PDF/Go612193.pdf?OpenElement> (November 14 2006)

²⁴⁰ Aung Zaw, "Junta Climbs Aboard the 'Anti-Terror' Bandwagon", The Irrawaddy, November 2006, <www.irrawaddy.org/aviewer.asp?a=6350&z=102> (November 17 2006)

such prisoners. The SPDC is widely believed to have been responsible for the 2003 attack on Aung San Suu Kyi's motorcade: at the time she was campaigning, her motorcade came under attack leaving several members of the convoy killed; reports claim that between 50-80 people were killed.²⁴¹

Recently, the 88 Generation Students' Group, which is not an opposition party like the NLD, but a movement consisting of student dissidents involved in the 1988 uprising, has sought to push for political change in the country through a series of civil-disobedience campaigns. In one, they organized a public petition, calling for political dialogue between the government and the opposition parties and gathered between 120,000 to almost 300,000 signatures, the figure varies among reports.²⁴² The campaign is said to have been the strongest manifestation of opposition force in the last decade. In addition to calling for dialogue, the campaign is also demanding the release of an estimated 1,100 political prisoners held imprisoned by the government.²⁴³ It seems as if there is a newly found will within the opposition to seek ways to demonstrate opposing views. Following the petition campaign, the group launched two other peaceful protests calling for the release of Aung San Suu Kyi and other political prisoners.²⁴⁴

Energy Resources

Burma/Myanmar is a very resource rich country with vast quantities of natural gas and large rivers that have more or less remained unexploited. As a result of the opening of the economy after Ne Win's fall from power, and

²⁴¹ "Eye witness tells BBC World Service he saw "Burmese army orchestrate attack" on Aung San Suu Kyi motorcade", BBC Press Office, July 18 2003), <www.bbc.co.uk/pressoffice/pressreleases/stories/2003/07_july/18/burmese_army.shtml> (November 20 2006); Aung Lwin Oo, "Depayin Remembered", The Irrawaddy, May 30 2005, <www.irrawaddy.org/aviewer.asp?a=4676&z=151> (November 20 2006)

²⁴² Grant Peck, "Burmese petition calls for dialogue" The Standard, October 16 2006, <www.thestandard.hk/news_detail.asp?we_cat=9&art_id=29445&sid=10370002&con_type=1&d_str=20061016> (October 16 2006); Ngun Te, "270 000 signatures collected demanding release of student leaders", Mizzima News, October 17 2006

²⁴³ "Myanmar is criticized after prisoner's death" International Herald Tribune, October 17 2006

²⁴⁴ "On a wing and prayer: Students launch another freedom campaign", Democratic Voice of Burma, October 29 2006, <english.dvb.no/news.php?id=8169> (November 21 2006); "White expression campaign begins in Burma", October 08 2006, <english.dvb.no/news.php?id=8019> (November 21 2006)

the findings of natural gas in offshore fields, large investments have been made. In 2004, approximately 60 percent of the country's FDI was derived from its gas and oil sector.²⁴⁵ Most of the FDI in 2005-2006 came from Thailand due to investments in hydro-electricity projects. Other big investors include China and other Southeast Asian countries.²⁴⁶ In neighboring China and India – both of which are increasingly dependent on energy imports – Burma/Myanmar attracts the interests of foreign companies. Consequently, the country is increasingly regarded as an important energy producer in Asia.²⁴⁷

Natural Gas

In 1992, French energy giant, Total, signed a production-sharing contract with state-owned Myanma Oil and Gas Enterprise (MOGE) to explore for natural gas in the Yadana field, off the southern coast of Burma/Myanmar in the Andaman Sea. The exploration was successful and the result was the Yadana-project. According to estimates, the Yadana-project is expected to produce gas for the next 30 years, and the project is today a joint-venture between France's Total Fina Elf, Unocal of America (Unocal is today a part of Chevron), Thai PTTEP and MOGE of Burma/Myanmar. The gas is exported via pipeline to Thailand. Revenues from the production started reaching the government of Burma/Myanmar, which holds a 15 percent share in the company, in 2005-2006.²⁴⁸

The Shwe off-shore gas field off the coast of the Arakan state was discovered

²⁴⁵ Sean Turnell, "Burma's economic prospects", Testimony before the Senate Foreign Relations Subcommittee on East Asian and Pacific Affairs, March 29 2006, found at <www.econ.mq.edu.au/burma_economic_watch> (October 29 2006)

²⁴⁶ "Myanmar foreign investment in 2005-2006 registers highest in 18 years" Xinhua General News Service October 16 2006 <www.burmanet.org/news/2006/10/16/xinhua-general-news-service-myanmar-foreign-investment-in-2005-06-registers-highest-in-18-years/>

²⁴⁷ John Mueller, "Myanmar places offshore prospects in the spotlight", *Offshore Engineer*, February 01 2004, <www.oilonline.com/news/features/aog/20031201.Offshore.12957.asp> (October 01 2006); According to official statistics, Burma/Myanmar possesses a total of 2.46 trillion cubic-meters of natural gas and 3.2 billion barrels of crude oil reserves. See "PTTEP planning six wells offshore Myanmar in 2006", *Rigzone.com*, December 1 2006, <www.rigzone.com/news/article.asp?a_id=28482> (October 18 2006)

²⁴⁸ TotalFinaElf Information Document on the Yadana Project, <burma.total.com/en/publications/yadana_project.pdf> (October 2 2006)

in 2004, and is being developed by South Korean, Indian and Burmese/Myanma companies. The field is one of the biggest finds of natural gas in Asia²⁴⁹ with an expected life length of up to 25 years and is expected to earn Burma/Myanmar up to \$12-17 billion in revenue during this period.²⁵⁰ Explorative drilling continues in the area, and more finds are likely to follow. India, Thailand and China are all bidding to buy the gas.

Electricity/Hydro-electric Plants

While the country is rich in natural energy resources, Burma/Myanmar is facing a serious energy crisis. Among its immediate neighbors, only Laos produces less electricity with 1.0 billion kWh produced, compared with Burma/Myanmar's production of 4.8 billion kWh.²⁵¹ It is noteworthy, however, that Burma/Myanmar's population is almost tenfold that of Laos'.²⁵² Black-outs are common, leading to the disruption of daily life and economic activity. It was only in recent years that the government began to address this problem properly.²⁵³ In December 2005, memorandums of understanding were signed between the government and Thai firms to build a number of hydro-electric dams along the Salween River. The building of the Tasang dam on the Salween river has forced an estimated 60,000 people to relocate, according to reports from NGOs.²⁵⁴ Surplus electricity generated

²⁴⁹ It contains approximately 10 trillion cubic-feet of natural gas. See "OVL announces gas resources of offshore Myanmar blocks", Rigzone.com, August 21 2006, <www.rigzone.com/news/article.asp?a_id=35405> (October 18 2006)

²⁵⁰ William Boot, "Weekly business roundup", The Irrawaddy October 13 2006; "Myanmar places offshore prospects in the spotlight" by John Mueller, Offshore Engineer, February 01 2004; "Supply and demand" A report from the Shwe Gas Movement July 2006, <www.shwe.org> (November 21 2006)

²⁵¹ "How Burma adds up, A statistical comparison of Burma and its neighbors" Himal South Asian April 2003, <www.himalmag.com/2003/april/profile.html> (October 29 2006)

²⁵² The population of Laos is about 5.6 million, and Burma/Myanmar has about 55 million inhabitants according to the Asian Development Bank, see Key indicators of Developing Asian and Pacific Countries", *Key Indicators 2006*, Asian Development Bank 2006, <www.adb.org/Documents/Books/Key_Indicators/2006/default.asp> (November 16 2006)

²⁵³ "Inflation: Electricity cost goes up in Burma" Democratic Voice of Burma, May 22 2006

²⁵⁴ Will Baxter, "Dam the Salween, damn its people" Asian Times, September 15 2006, <www.atimes.com/atimes/Southeast_Asia/HI15Ae01.html> (October 02 2006)

will be sold to foreign customers such as Thailand.²⁵⁵ The Thai investments related to hydro-electric power plants have caused Burma/Myanmar's FDI to almost double.²⁵⁶ Recent reports, however, indicate that the new post-September 19 coup military government in Thailand might cancel or delay the building of the Tasang dam, which would have become the biggest in Southeast Asia, in favor of projects in Laos.²⁵⁷ The construction of the dam might still be completed with other investors, however.

Negative Externalities

Such large scale projects have received massive criticism due to the negative externalities incurred during the projects, such as the use of forced labor and the destruction of the environment. During the construction of the pipeline to Thailand from the Yadana, there were reports of forced labor being used by the government. Unocal (today Chevron) were sued in a California court due to these allegations. Even though they did not themselves use forced labor, they were certainly aware that their partners in the joint venture, the Burmese/Myanma government, did use forced labor. Unocal was to compensate the plaintiffs.²⁵⁸ Other criticism concerns the large hydro-electric dams that are to be built. Many opponents of the building of the dams have criticized the projects because of the dams' negative impact on the environment and on the local population's livelihood. Some reports claim that well over 300,000 villagers will have to relocate due to these dams. Reports of forced labor and other abuse in connection to these constructions have also been reported.²⁵⁹

²⁵⁵ "Salween dam forces relocation of 60 000 people: report", Mizzima News, September 16 2006, <www.mizzima.com/mizzimanews/news/2006/sept/15-sep-2006-33.html> (February 06 2007)

²⁵⁶ "Foreign investment in Myanmar hits record high due to Thai-funded dam project", The International Herald Tribune, October 16 2006, <www.ihrt.com/articles/ap/2006/10/16/business/AS_FIN_ECO_Myanmar_Foreign_Investment.php> (October 16 2006)

²⁵⁷ Sai Slip, "Thailand may delay controversial dam project in Burma", The Irrawaddy, October 18 2006, <www.irrawaddy.org/aviewer.asp?a=6287&z=154> (October 19 2006)

²⁵⁸ EarthRights International, April 02 2005, <www.earthrights.org/legalfeature/historic_advance_for_universal_human_rights_unocal_to_compensate_burmese_villagers.html> (February 06 2007)

²⁵⁹ "Salween dam forces relocation of 60 000 people: report", Mizzima News, September 16 2006, <www.mizzima.com/mizzimanews/news/2006/sept/15-sep-2006-33.html>

Logging

Besides the natural gas industry, the timber industry also generates significant income as approximately 50 percent of the country is covered by forests.²⁶⁰ Legal logging generated roughly 20 percent of export earnings in the 1990s, according to the government, and is recognized as an important source of income for the government.²⁶¹ In 2003-2004, legal logging represented 15 percent of total export earnings: the second most important commodity after natural gas.²⁶² However, the legal logging sector is overshadowed by its illegal counterpart which, in 2003-2004, is estimated to have constituted more than two thirds of total logging exports with a value of up to \$300 million.²⁶³ As a result of its lucrative nature and the government's dire need of hard currency, illegal logging is a huge problem leading to growing deforestation and the destruction of the country's diverse ecosystems.

When the Tatmadaw underwent rapid expansion at the beginning of the 1990s, it became too large for the government to support economically. Thus, the Tatmadaw became involved in business operations as a means to generate revenue to sustain itself. Logging is one of the businesses that the military is involved in. Besides the use of military trucks to carry large quantities of illegally-felled timber, another way for the Tatmadaw to earn revenue, is to force logging companies to pay taxes at check-points in logging districts.

Even though the SPDC is the ruling entity in Burma/Myanmar, it does not control all the logging activity going on in the country (since it does not control the entire country). In the remote border regions, the ethnic minority groups have control over the logging industry. Therefore, the logging

33.html> (February 06 2007)

²⁶⁰ "Global Forest Resource Assessment 2005", FAO Forestry Paper 147, 2006, 191., <[ftp.fao.org/docrep/fao/008/a0400e/A0400E00.pdf](ftp://ftp.fao.org/docrep/fao/008/a0400e/A0400E00.pdf)> (December 04 2006)

²⁶¹ Ministry of Forest, cited in "A Conflict of Interests", Global Witness Briefing Document, October 2003, 27,

<www.globalwitness.org/reports/index.php?section=burma> (December 04 2006)

²⁶² "A Choice for China", Global Witness Briefing Document, October 2005, 81., <www.globalwitness.org/media_library_detail.php/492/en/a_choice_for_china_ending_the_destruction_of_burma> (January 08 2007)

²⁶³ Ibid.

industry provides both the central authorities and the local ethnic minorities with hard currency that is used to both finance continued fighting and to enable people in positions of power to enrich themselves. Since sources of income are limited, especially because opium-growing has declined sharply, over-logging has been frequent as both sides search for hard currency.

The forests of Burma/Myanmar have historically been recognized as natural endowments of the country, partly because of the valuable teak trees that grow within these forests. Burma/Myanmar has the largest remaining reserves of teak forests in the world, constituting about 60 percent of the world total. In this context it is worth noting that Britain's expansion into the country in the early 1800s, during the First Anglo-Burmese War, was partly driven by the former's demand for teak wood. The governments of Burma/Myanmar have through the years traded the country's natural resources in exchange for support of their military, political and economical goals – so called *resource diplomacy*. The generals in power have, in the past, used concession rights to logging as a way to play different ethnic insurgent groups against one another. The central government is also known to have allowed ethnic insurgent groups free access to the natural resources in their region in exchange for the cessation of hostilities against the central government. In addition, concession rights have also been granted to Thai and Chinese businessmen in exchange for their help fighting the ethnic insurgencies.²⁶⁴ Furthermore, the logging industry has been used as a facilitating tool for the military government to attack insurgents: roads that are being built for logging purposes permit the Tatmadaw to quickly access previously inaccessible areas and to strike against the insurgents.

Extensive illegal logging – mainly in the Karen, Kachin, and Shan states – is threatening the sustainable development and preservation of the large forests in these states. While various types of wood are also logged, teak is recognized as by far the most valuable. As a prized wood, teak-logging generates large incomes, thus making it an especially lucrative target for illegal logging. In the Karen state, most of the illegally-felled timber is exported to Thailand. In the Kachin and Shan states, the timber is exported

²⁶⁴ “A Conflict of Interests”, Global Witness Briefing Document, October 2003, 07, <www.globalwitness.org/reports/index.php?section=burma> (December 04 2006)

to China through Yunnan province. The government body, Myanmar Timber Enterprise, oversees the commercial aspect of forestry and it has a monopoly on all logging of teak in Burma/Myanmar. However, some of these lucrative operations are given to private contractors. These contractors are most often run by, or affiliated with, companies with close relations to the military elite such as Asia World, Shwe Than Lwin, Dagon, Htoo Company, Billion Group Kayah Phu, and the Woodland Group of Companies.²⁶⁵

Information Flow/Media

Information regarding Burma/Myanmar is heavily censored and severely biased in favor of the government. Transparency in the country is very limited and has in turn led to news being reported, based largely on speculation or fragmented information. Freedom of speech is restricted and state censorship ubiquitous, resulting in newspapers – that are not pro-government – to move abroad in order to avoid arrest or closure.²⁶⁶ The situation today is that the newspapers available within Burma/Myanmar such as the “The New Light of Myanmar”, are regarded as mouth-pieces of the government. Papers operating from abroad are in general run by political refugees and tend to be anti-government. Burma/Myanmar ranked fifth from the bottom in the Reporters Without Borders’ 2006 press freedom index.²⁶⁷

According to a 2006 report from the Asian Development Bank, Burma/Myanmar is “the least technologically advanced nation in the ASEAN region”, despite efforts by the government to increase access to telephones and computers.²⁶⁸ Internet penetration is low at 0.6 percent, and the few users that exist are heavily restricted when surfing the net, since the government uses sophisticated software bought from the West to censor

²⁶⁵ Ibid., 07.

²⁶⁶ “Burma - Annual Report 2006”, Reporters Without Borders, <www.rsf.org/rubrique.php3?id_rubrique=573> (October 15 2006)

²⁶⁷ Clive Parker, “Burma drops further in Press Freedom Index”, The Irrawaddy, October 2 2006, <www.irrawaddy.org/aviewer.asp?a=6299&z=154> (October 02 2006)

²⁶⁸ Ibid.

material thought to be inappropriate for the population.²⁶⁹

There are several laws that restrict the free flow of information as well as the use of equipment designed for such purposes. All telephones, fax-machines and computers must be registered with the authorities, and failure to do so can lead to prison sentences of up to seven years.²⁷⁰ This became apparent when the SPDC imprisoned James Leander Nichols, a Burmese and friend to Aung San Suu Kyi, as well as honorary consul to many European nations, for operating telephones and fax machines without permission. He eventually died in prison due to lack of medical treatment, causing outrage in several European cities.²⁷¹

Socio-Economic Impact of Sanctions and Isolation

Sanctions are usually justified on the grounds that they may stimulate or coerce change from a recalcitrant country or regime in a desired way. Below is a short review of the socio-economic impact sanctions and isolation have had on Burma/Myanmar.

Impact on the SPDC's Behavior

There has been no real long-lasting positive change in the way the SPDC treats the people of Burma/Myanmar, or in the way they govern the country. Some smaller concessions have occasionally been made by the military government when faced with massive international criticism. However, the SPDC has increasingly responded to pressure from the outside world with actions that clearly reflect its displeasure: human rights abuses continue while the government does not appear to be deterred in its use of military force whilst dealing with the minorities in rebels areas – the latest being the military offensive in the Karen state.

²⁶⁹ UNDP, Human Development Report 2005 ; “Internet increasingly resembles and Intranet as foreign services blocked”, Reporters Without Borders April 07 2006, <www.rsf.org/content.php3> (October 15 2006); “Internet Filtering in Burma in 2005: A Country Study”, OpenNet Initiative October 2005, found at <www.opennetinitiative.net/burma> (October 19 2006)

²⁷⁰ “Internet Filtering in Burma in 2005: A Country Study”, OpenNet Initiative October 2005, found at <www.opennetinitiative.net/burma> (October 15 2006)

²⁷¹ Aung San Suu Kyi, “ ‘Please use your freedom to promote ours’,” *International Herald Tribune*, February 04 1997 <www.iht.com/articles/1997/02/04/edaung.t.php> (September 15 2006)

Impact on the Economy

The fact that sanctions and isolationism seem to have strengthened the siege-mentality of the military government is likely to have lessened the probability of serious economic reform. According to an Asian Development Bank report, FDI has fallen by some 81 percent in the last 5 years, as a result of sanctions imposed on the country.²⁷² However, due to the fact that Asian countries still do business with Burma/Myanmar, the SPDC has been able to finance and sustain its military forces – which is the SPDC’s main priority – and receive political and diplomatic backing, notably from China and India, and thus enabling it to maintain political maneuverability.

Impact on the Situation of the General Population

In general, it is the population that has to endure the harshest effects of the sanctions: the withholding of aid and isolation. Moreover, the possible income lost from the fall in FDI is not drawn from military investments. Instead, they have been deducted from the already small amount being spent on infra-structure investments, health care, and education; this has a direct negative effect on the general population, whose socio-economic situation is already terrible.

Consequences of Sanctions and Isolation

In conclusion, economic and diplomatic sanctions as part of a policy of isolation have not had the desired effect, since not all external actors have joined the West in such a strategy. Burma/Myanmar continues to conduct business and trade with Asian countries, which thus allows the government to continue spending on the Tatmadaw, thereby further entrenching its position. David Steinberg has pointed out that the U.S. sanctions on Burma/Myanmar have been counterproductive,²⁷³ and the argument that sanctions have deepened the siege-mentality of the military government seems to be accurate. In fact, what the sanctions and the policy of isolation seem to have accomplished is to create a rift between Western and Asian

²⁷² “Junta’s New Law for Special Economic Zones, “The Irrawaddy, September 01 2006, <www.irrawaddy.org/aviewer.asp?a=6130&z=154> (October 02 2006)

²⁷³ David I. Steinberg, “Burma: Feel-good US Sanctions Wrongheaded”, YaleGlobal, May 19 2004, <yaleglobal.yale.edu/display.article?id=3901> (October 04 2006)

governments. The sanctions and isolation strategy imposed by the U.S. and EU have served to push Burma/Myanmar closer towards China. As a result, some ASEAN members felt compelled to adopt and accept Burma/Myanmar into its organization in order to counter China's influence in Southeast Asia. As for the West, because of its weak economic and diplomatic leverage over the country – in part due to a strategy of isolation – its influence over the country has greatly diminished in tandem with the growing influence of China as Burma/Myanmar's patron.

4. Role of the International Community‡

“Something has to be Done” – A Chorus Without A Conductor

When UN Special Rapporteur Pinheiro spoke at the second Human Rights Council session on September 27 2006, he ended his statement in the following manner:

“I think that there is an urgent necessity to better coordinate the different approaches among member states to find ways to contribute to the process of transition towards democracy in Myanmar. After six years serving this mandate, let me conclude by saying that I believe it is important for member states to support efficient initiatives to deal with common concerns in the country and in the region with the view to encourage an effective democratic transition, and to promote the improvement of standards of living of the population and the protection of human rights in Myanmar.”²⁷⁴

To date, the feeling that “something has to be done” has been hampered by the lack of consensus as to what should actually be done. Internationally, there is on the one end Western nations, especially the United State and the European Union who have employed sanctions and the strategy of isolation to de-legitimize and to an extent, destabilize the military government because of its human rights failures and democratic deficit. On the other end, there is China, India and ASEAN who have argued for “constructive engagement” through increased trade, improved diplomatic ties and inward investment, arguing that such interaction will gradually move the country to open up. As Minh Nguyen rightly notes:

“These strategies reflect the geopolitical differences of Western countries that have very little interest in Myanmar/Burma, and Asian

²⁷⁴ “Burma: Laws authorize grave rights abuses--UN expert,” *Asia Human Rights Commission*, September 28 2006, <www.ahrchk.net/pr/mainfile.php/2006mr/393/> (November 01 2006)

countries harboring postcolonial sensitivities over national sovereignty and geostrategic and economic ambitions in the resource-rich and underdeveloped country.”²⁷⁵

More importantly, it reflects how the Burma/Myanmar issue cuts across many interests with the different external actors having different priorities. As is widely known, the West's top concern is with human rights and humanitarian issues; China and India are concerned with the economic dimension as well as geopolitics. Meanwhile for Southeast Asia's regional grouping ASEAN, its pre-occupation centers on regional integration, regionalism and community-building. In a way, their opposing strategies cancel each other out. In the process, the population of the targeted country slips further into misery. Clearly, a more cohesive policy, or at least a complementary set of policies have to be formulated in order to help Burma/Myanmar address its internal problems.

Upon closer examination, the differences reflect a difference in approach, rather than one of fundamentals. At its very essence, both isolationist and pro-engagement parties share the common goal of seeing a Burma/Myanmar move along the path of political stability, socio-economic development and integration into the international community. Ultimately, economic reform, improved governance, an open society, a more inclusive power structure, and an open, balanced diplomatic approach are goals which all sides would like to see. The question is: *How can Burma/Myanmar be lifted out of its current predicament?* Should it be a “stability first, then reform” model which Asian states tend to subscribe to – exemplified most recently through the Chinese “Beijing Consensus”²⁷⁶ model of development – or the liberal “stability through reform” model (also referred to as the “Washington Consensus”); something which the West attempted to implement in post-Soviet Russia during the 1990s. This is not simply an international issue but also one which Burma/Myanmar has struggled with internally, between the “stability-first” Tatmadaw and the “democracy-now” NLD.

²⁷⁵ Minh Nguyen, “Myanmar/Burma”, *Uniya*, September 2004, 6.

<www.uniya.org/research/view_burma.html> (October 15 2006)

²⁷⁶ Joshua Cooper Ramo, *The Beijing Consensus* (London: The Foreign Policy Centre, Spring 2004)

<<http://fpc.org.uk/publications/123>> (October 31 2006)

Sanctions and Isolation – A Political Assessment

It would actually be unfair to attribute all the blame for the country's current predicament on the military government alone. The international community, particularly countries in the West, should bear some responsibility. The use of sanctions as well as isolationism imposed on Burma/Myanmar by the Western governments – namely, those in the United States and Europe, and advocated by the Burmese exiles and anti-SPDC solidarity groups – have been a huge setback for the development potential of the country. These sanctions and isolation come largely in the form of economic and diplomatic boycotts of Burma/Myanmar to express support for the democratic movement of the country, particularly, for Suu Kyi, who remains confined under house arrest.

The idea is to pressure the government to open up Burma/Myanmar to democratic change by withholding much needed trade, investment and foreign aid and by restricting the leadership's movement abroad. However, as a strategy it has been counter-productive. It has had limited impact on the SPDC while inflicting a high cost on the population. In over-emphasizing democratization and human rights, they have neglected the more basic material needs of the population. Not only that, such measures have contributed to the military government's paranoia, prompting it to withdraw further into isolation while regarding openness of the economy and political reform as a threat, rejecting the international community's concerns over the dismal state of the country as suspect, as well as taking an increasing hard line towards dissent, perceived or otherwise. Furthermore, a weakened population in an isolated country actually furthers the SPDC's state control since they have better leverage at using fear and starvation as instruments for control and co-option²⁷⁷.

In many ways, the West has failed the people of Burma/Myanmar; under heavy lobbying by some exile Burmese factions, and Burmese solidarity groups, the Western governments' response is geared towards the need to show that something is being done, rather than having concrete, constructive

²⁷⁷ This is not to be mistaken as *cooperation*. Co-option (or co-optation) is a tactic used for neutralizing opponents or critics by winning over or assimilating them into a larger or more established (majority) group.

measures at addressing the deep-set problems facing Burma/Myanmar's population today. They need to ask themselves the following: how can isolation, economic sanctions and withholding aid help alleviate the terrible suffering of the population in Burma/Myanmar? The use of sanctions and the isolationist approach will not work without the support of the country's Asian neighbors. Furthermore, the West, in cutting of diplomatic ties with the country because of the unpleasant SLORC/SPDC leadership, has also cut off opportunities to understand, not to mention influence and engage the military leaders.²⁷⁸

In relation to the question of sanctions against Burma/Myanmar, the International Crisis Group made four acute observations in 2004 about the effects of sanctions in dealing with the government:²⁷⁹ (1) The sanctions while affecting the military leadership psychologically and economically "have done little to change its will or capacity to maintain power and continue its repressive policies"; (2) Sanctions do not affect the military leadership's personal welfare, since most live frugally and are "driven more by a taste for power and sense of patriotic duty than a lavish lifestyle. They are not avid travelers, especially to the West and "their families have access to everything they need in the region, including tertiary education"; (3) The military leadership would like to be treated equally in international society, but take comfort in standing up to the United States and Europe in what they see as a form of unjustified bully. Furthermore, "the psychological impact of sanctions is greatly diminished by Western governments and organizations, which the generals consider lack any understanding of or concern for conditions in the country"; (4) Finally, sanctions have affected the economy the most, but the military's top priority is security, not the economy. In fact, "the top leaders do not appear troubled by economic failures but instead are proud of what they achieved in a hostile environment".

²⁷⁸ Zunetta Liddell, "International policies towards Burma: Western governments, NGOs and multilateral institutions," *Challenges to democratization in Burma*, (Stockholm: IDEA, 2001), 134.

www.ibiblio.org/obl/docs3/BURMA_beyond_2000.pdf (October 01 2006).

²⁷⁹ "Myanmar: Sanctions, engagement or another way forward?", ICG Asia Report No. 8, April 26 2004, 16., www.crisisgroup.org/home/index.cfm?id=2958&l=1 (November 23 2006)

In late October 2006, the video footage of the wedding of Than Shwe's youngest daughter was leaked to the press. It sparked outrage within and outside the country because of the opulence of the wedding. The total value of wedding gifts was reportedly valued at \$50 million. Many viewers contrasted the extravagance of the ceremony with the grim reality facing the country's general population.²⁸⁰ While the wedding was indeed excessive and has led many to wonder where the money came from, a more fitting question the international community and pro-isolation groups should ask is why their policy of isolation has had no effect on the top leadership. In other words, the sanctions have been effective in isolating Burma/Myanmar but it appears to have been far from effective in deposing the military government. Meanwhile, the population has suffered enormously and this has affected their ability to mount effective resistance. It now seems that isolation is strangling the country's population while strengthening the grip of the SPDC.

Sanctions – as Zunetta Liddell has pointed out – would only work with a government that acts rationally with the interest of the people (as defined by the West) as its primary basis. In the case of Burma/Myanmar, it is ruled by a strongly nationalistic, perhaps even xenophobic, leadership whose idea of what is best for the state differs widely from its critics.²⁸¹ Furthermore, it has provided the military government with a convenient excuse to continue resisting “neo-colonial domination” to justify their continued hold on power.²⁸²

In the case of Burma/Myanmar, the information above suggests the limited effectiveness of sanctions (and isolation) as an instrument for change in pressuring the SPDC. In fact, the effectiveness of sanctions has always generated debate. As noted in the Supplement to the Agenda for Peace by the UN Secretary-General Boutros Boutros-Ghali in (1995):

²⁸⁰ Popular Outrage Sparked by ‘Wedding of the Year’ Video, The Irrawaddy, October 31 2006, <www.irrawaddy.org/aviewer.asp?a=6324&z=154> (November 08 2006)

²⁸¹ Zunetta Liddell, “International policies towards Burma: Western governments, NGOs and multilateral institutions,” *Challenges to democratization in Burma*, (Stockholm: IDEA, 2001), 134.

<www.ibiblio.org/obl/docs3/BURMA_beyond_2000.pdf> (October 01 2006).

²⁸² Ibid.

“Sanctions, as is generally recognized, are a blunt instrument. They raise the ethical question of whether suffering inflicted on vulnerable groups in the target country is a legitimate means of exerting pressure on political leaders whose behavior is unlikely to be affected by the plight of their subjects. Sanctions also always have unintended or unwanted effects. They can complicate the work of humanitarian agencies by denying them certain categories of supplies and by obliging them to go through arduous procedures to obtain the necessary exemptions. They can conflict with the development objectives of the Organization and do long-term damage to the productive capacity of the target country. They can have a severe effect on other countries that are neighbors or major economic partners of the target country. They can also defeat their own purpose by provoking a patriotic response against the international community, symbolized by the United Nations, and by rallying the population behind the leaders whose behavior the sanctions are intended to modify.”²⁸³

The use of sanctions was regarded as being effective against the South Africa apartheid regime. However, the use of sanctions against Cuba (by the United States) and Iraq (by the United Nations) have both been criticized by humanitarian agencies, human rights organizations and solidarity groups due to their limited impact on the regimes while exacting a heavy toll on the population. Even Nelson Mandela (Suu Kyi has often been referred to as Asia's Nelson Mandela), despite his own imprisonment and having defeated South Africa's apartheid regime through the use of international sanctions, has publicly said that sanctions would not work in the Burma/Myanmar context; that it would only cause chaos and suffering in the country and that South Africa would prefer to act through international bodies such as the United Nations.²⁸⁴

²⁸³ Supplement to the Agenda for Peace by the UN Secretary-General Boutros Boutros-Ghali, A/50/60 - S/1995/1, January 3 1995, Paragraph 70.

www.un.org/Docs/SG/agsupp.html#SANCTION (October 15 2006)

²⁸⁴ Testimony Of Arthur T. Downey, Vice President, Government Affairs, Baker Hughes Incorporated, On The Use of Unilateral Trade Sanctions as a Tool of U.S. Foreign Policy in Asia, Before The Subcommittee on East Asian and Pacific Affairs of the Committee on Foreign Relations U.S. Senate, February 26, 1998.

In the case of Burma/Myanmar, sanctions (and isolation from the West) have led to the generals depending increasingly on China, while taking the road towards “self-reliance” as a key to sustainable growth.²⁸⁵ The generals believe that they can continue their isolation by relying on the country’s own natural rich resources as a basis for survival. Unfortunately, this is no longer true and the biggest losers in such a strategy are the common people.²⁸⁶ In fact, such foreign-induced isolation is extremely counter-productive: it not only empowers the hard line isolationist faction (as witnessed by the purging of Khin Nyunt from the SPDC); but it also indirectly strengthens China, their principle foreign backer in its relations with the country.²⁸⁷ In addition, sanctions (and isolation) do not address the fundamental issues facing society, but instead exacerbate tendencies that would damage the economic progress of the country.²⁸⁸ Steinberg quotes one anonymous official as saying that “sanctions are ‘chicken-soup diplomacy’, they make the advocate feel good but do nothing to resolve the disease”.²⁸⁹ It has been said that *dictators do not create democracy*. Similarly, one could also argue that *sanctions cannot deliver salvation*. In a test of brinkmanship between the generals and their opponents, the common people of Burma/Myanmar are the biggest losers.

While the intractable problems facing Burma/Myanmar today are essentially domestic, they have nonetheless been internationalized. The varied responses of members of the international community has thus further complicated efforts in Burma/Myanmar’s road to recovery. On one side, sanctions and isolation are closely tied to Suu Kyi’s detention. Her

<www.usaengage.org/archives/legislative/downey2.html> (October 15 2006); Aung Zaw, "Mandela-The Man of the Hour," *The Irrawaddy*, June 01 1999

<www.irrawaddy.org/aviewer.asp?a=1425&z=104> (October 15 2006)

²⁸⁵ Zunetta Liddell, “International policies towards Burma: Western governments, NGOs and multilateral institutions,” *Challenges to democratization in Burma*, (Stockholm: IDEA, 2001), 135. <www.ibiblio.org/obl/docs3/BURMA_beyond_2000.pdf> (October 01 2006).

²⁸⁶ David I. Steinberg, *Burma: Time for change – Report of an Independent Task Force Sponsored by the Council on Foreign Relations*, Mathea Falco (Chair) (New York: Council on Foreign Relations, 2003), 38.

²⁸⁷ David I. Steinberg, “The roots of economic malaise,” in *Myanmar: beyond politics and societal imperatives*, Kyaw Yin Hlaing, Robert H. Taylor and Tin Maung Maung Than (eds), (Singapore: ISEAS Publications, 2005), 105.

²⁸⁸ *Ibid.*, 105.

²⁸⁹ *Ibid.*, 105.

popularity in Western capitals has clearly led to disdain within the military leadership who consider her liberal slant to be incompatible with their national cause.²⁹⁰ The preoccupation with Suu Kyi, often at the behest of solidarity groups, has been interpreted by the generals in charge as a sign that the international community is only narrowly interested in liberal democratization (and elections) without any understanding of what they perceive to be the real threats facing the union of the country.²⁹¹ Thus, they have come to view their struggle as not only against Suu Kyi and NLD, but also against pro-Suu Kyi/NLD governments and solidarity groups worldwide. Meanwhile, China's patronage towards the current government, as political and military ally and economic benefactor has, on the other hand, been regarded as having undermined democratic reforms and the opposition forces within the country.²⁹² The isolation of Burma/Myanmar has thus given China, and to a lesser extent India, a free hand and higher leverage toward the country, providing the generals the regional legitimacy they need. As for ASEAN, it remains largely toothless and has lately appeared to have given up on the country, judging by the fact that ASEAN is not going to let the Burma/Myanmar issue take center stage at the 12th ASEAN Summit in Cebu, in the Philippines. As Burma/Myanmar's domestic and international political deadlock continues, the socio-economic situation continues to decline for the common people.

²⁹⁰ According to a write-up in a Burma/Myanmar government linked website, "She is not a nationalist, but a liberal opposing the national cause, who thinks highly of the Western democracy and who is a foreign cohort... As Daw Suu Kyi believes in Western-style liberalism she has only the liberal vision, but not the national vision. In other words her vision is against the national vision." Refer to: "She who turned alien or danger to the nation," MRTV3, (undated)

<www.mrtv3.net.mm/open/050706for.html> (November 10 2006)

²⁹¹ Maung Setana, "The only way out for NLD," *The New Light of Myanmar*, October 05 2006, <www.myanmar-embassy-tokyo.net/articles/The-Only-Way-Out-For-NLD-E.pdf> (November 01 2006); To give one example: "The Bush administration has pledged that it will not let up on its sanctions against Myanmar until its government releases Aung San Suu Kyi, the opposition leader who has been under house arrest for 11 of the past 17 years." Jane Perlez, "Power and politics in Myanmar," *New York Times*, November 16 2006,

<www.iht.com/articles/2006/11/16/news/myanmar.php?page=1> (November 17 2006)

²⁹² Alan Boyd, "China's brazen Myanmar move," *Asia Times*, August 21 2003, <www.atimes.com/atimes/China/EH21A001.html> (November 01 2006)

Attempts at Engagement – Focus on UNICEF (1992) and Chilston Park (1998)

Any remedy for the country would have to be holistic, involving both domestic and international political accommodation, as well as socio-economic assistance. There have been at least two notable attempts at working toward a solution on the question of Burma/Myanmar post-1988 with the involvement of the international community. This is not the place to examine them in great detail; but they deserve mention since they reveal the earlier interaction process between the generals and the international community directly as well as the latter's attempts to assist and support the SPDC towards reform.

The first case to be discussed here relates to the role of the United Nations Children's Fund (UNICEF), as summarized by Zunetta Liddell: When Rolf Carriere joined UNICEF as resident representative in the country in 1989, he was appalled by the poor condition of the children in the country and amazed at the lack of international awareness of it. In December 1991, Carriere submitted a paper for an Oxford conference where he argued that the humanitarian needs in Burma/Myanmar constituted a "silent emergency." More importantly, he argued that "the child cannot wait until the 'right' government comes to power". He criticized the SLORC's (and BSPP's) "distorted priorities" as the source of many of the problems but also stated that without international assistance, such policies would continue. The paper later became the basis for a 1992 UNICEF initiative on emergency humanitarian intervention that was to have been put to the SLORC. However, the paper in draft form was leaked to the press before it had been officially approved by the UNICEF Administrator James Grant. The leak thus scuppered any hope for the project and Carriere was reportedly moved from his post in Burma/Myanmar because of the SLORC's outrage at the press report. Carriere's proposal could potentially have had lasting impact not only for the health and well-being of Burmese children, but also on the political deadlock in the country. It called for: the appointment of a UN envoy to coordinate UN aid in the country; the introduction of low-level unofficial diplomacy to compliment diplomatic moves through Foundations, using conflict resolution methods to break down the barriers to dialogue; the reconvening of the Aid Burma Consortium, which was an international

forum on aid to Burma/Myanmar disbanded in 1988; and the establishment of an international forum of International Development Organizations working in the country to coordinate projects and funding.²⁹³ More importantly, as Liddell explains:

“The leaked report also called for humanitarian cease-fires, short breaks in fighting during which time medical staff could access and immunize children living in the war zone. The idea was that not only would this improve the life chances of millions of children, it would also allow for political space in which discussions on a permanent peace might be entered into.”²⁹⁴

Following this incident, UNICEF no longer sought to influence the situation in Burma/Myanmar beyond their focused work with the social and economic rights of children. Furthermore, no UN senior staff members would ever be as open with the Burmese opposition and solidarity groups again following the media leak.²⁹⁵

The next case is set six years on at Chilston Park in Southeast England in October 1998. It was recognized that “a depressing political stalemate existed in Myanmar, with the repressive military government disinclined to deal with the pro-democracy forces led by Aung Sang Suu Kyi, [who was] in turn in no mood to compromise with the generals.”²⁹⁶ Britain’s late Foreign Office Minister of State Derek Fatchett quietly convened a conference to brainstorm about what to do next. Attendees included ministerial counterparts like Thailand’s Sukhumdhand Paribatra, along with five Rangoon/Yangon-based foreign ambassadors plus UN and World Bank officials.²⁹⁷ There, they came up with a compromise plan through which the

²⁹³ Zunetta Liddell, “International policies towards Burma: Western governments, NGOs and multilateral institutions,” *Challenges to democratization in Burma*, (Stockholm: IDEA, 2001), 160-161.,
<www.ibiblio.org/obl/docs3/BURMA_beyond_2000.pdf> (October 01 2006).

²⁹⁴ *Ibid.*, 161.

²⁹⁵ *Ibid.*, 161.,

²⁹⁶ Roger Mitton, “Inside 'secret' meetings - The Chilston conference to engage Yangon,” *Asiaweek*, Volume 26, No 12, March 31 2000.
<www.asiaweek.com/asiaweek/magazine/2000/0331/nat.myanmar.conference.html> (October 15 2006)

²⁹⁷ The Chilston Park meeting was attended by about 40 diplomats from various interested countries, including five Rangoon/Yangon-based ambassadors from

government would be offered US \$1 billion aid package in exchange for opening dialogue with the opposition. According to a diplomat who took part in the Chilston negotiations, “we have used a number of sticks which have apparently not worked. It’s time to give out some carrots.”²⁹⁸

UN Assistant Secretary-General for Political Affairs Alvaro de Soto presented the proposal to both sides during his visit to Rangoon that same month. The preconditions were as follows: the SPDC was to release all political prisoners; allow the opposition party to operate as a political party; and to give Suu Kyi freedom of movement. In return the NLD would stop calling for the convening of Parliament.²⁹⁹ In November 26, a “leak-article” appeared in the International Herald Tribune where it was reported what the participants at Chilston Park had offered the military leaders. Publication of the precise monetary figure apparently spooked both sides.³⁰⁰ Burma/Myanmar’s Foreign Minister Win Aung responded by saying that: “For us, giving a banana to the monkey and then asking it to dance is not the way. We are not monkeys.”³⁰¹ By spring 1999, the “aid for reform” (some call it “dollars for democracy”) initiative had stalled and a follow-up visit by de Soto was postponed.³⁰² There was a follow up conference described as “Chilston-2” convened in March 2000 in Seoul; but the 14 countries gathered to discuss how best to deal with Burma/Myanmar were split into two camps – the pro-sanction camp in favor of the isolationist approach, and pragmatists seeking to engage the generals.³⁰³

Australia, Japan, the Philippines, United Kingdom and the United States. Thai deputy Foreign Minister Sukhumdhand Paribatra also took part.

Suthichai Yoon, “Carrot” from Chilston to Rangoon, *The Irrawaddy*, December 01 1998, <www.irrawaddy.org/database/1998/vol6.6/carrot.html> (October 15 2006). The article first appeared in The Nation newspaper in Thailand.

²⁹⁸ Suthichai Yoon, “Carrot” from Chilston to Rangoon, *The Irrawaddy*, December 01 1998, <www.irrawaddy.org/database/1998/vol6.6/carrot.html> (October 15 2006). The article first appeared in The Nation newspaper in Thailand.

²⁹⁹ Ibid.

³⁰⁰ Donald M. Seekins, “Burma in 1999: A Slim Hope,” *Asian Survey*, Vol XL, No. 1, January/February 2000: 20.

³⁰¹ “Aiding Burma,” *The Irrawaddy*, Vol 10, No. 9. November 2002, <www.irrawaddy.org/database/2002/vol10.9/editorial.html> (October 15 2006)

³⁰² Donald M. Seekins, “Burma in 1999: A Slim Hope,” *Asian Survey*, Vol XL, No. 1, January/February 2000: 20.

³⁰³ Roger Mitton summarized the positions of the various participants as follows:

It is clear that both attempts highlighted here at engaging the military government got on to a false start. Both faltered in part because of media leaks, though to be honest, it is unclear if the generals would have fully abided by the terms of the agreement in practice, even if they were to enter into such an agreement. Furthermore, if the generals were truly desperate, the government would have taken the “carrots” anyhow; but it did not. What lessons can we then derive from both cases? First, there are spoilers abound who are bent on preventing members of the international community from engaging the military government. Second, the question of Burma/Myanmar goes beyond the issue of material aid – the military government does not share the international community’s sense of need for political reform or engagement with the opposition, particularly with Suu Kyi. Third, through the rejection of “carrots”, the military leadership obviously feels that it could survive the “stick” and does not need international validation, specifically from the West. Fourth, the concept of “carrots and sticks” clearly insults the generals.³⁰⁴

Dealing with a Robust Regime in a Failing State

What is most depressing with regards to the state of affairs at present is the fact that attempts at engaging the post-1988 regime towards reform has failed to make genuine political or socio-economic progress. Today, the SPDC not only appears entrenched, it remains robust. What then does this mean for the international community? Attempts to pass any resolution in the UN Security Council is bound to be resisted by China, military intervention is not only unlikely but also undesirable; finally, attempts at engagement has thus far met with limited success. To be honest, one must be realistic and

Hardliners: Britain; U.S., Canada, Norway (strong), Portugal, Sweden (tepid); Conciliators: Japan, South Korea, Australia, Thailand, UN ambassador Asda Jayanama, France, Germany, Malaysia, Philippines (all steadfast); Neutralists: UN (Both current and past Yangon resident representatives, Patrice Coeur-Bizot and Siba Das), World Bank; No shows: China, Indonesia (Heeded the generals' call not to attend), Singapore, Myanmar. Roger Mitton, “Inside 'secret' meetings - The Chilston conference to engage Yangon,” *Asiaweek*, Volume 26, No 12, March 31 2000, <www.asiaweek.com/asiaweek/magazine/2000/0331/nat.myanmar.conference.html> (October 15 2006)

³⁰⁴ This last point will be elaborated on under the later sub-section: *Beyond “Carrots and Sticks” – A New International Consensus Driven “Intervention”*.

admit that as long as the SPDC remains distrustful of the international community's intentions, it is likely to remain under a siege mentality and this, in turn, limits how much the international community can do to facilitate change. While some countries may increase political support for groups in exile and their associates as a means to pressure for change, and given the fact that humanitarian assistance can provide relief to refugees, such measures are unlikely to improve the situation within the country – which is the real challenge – let alone persuade the SPDC to come to the negotiating table. Treating the symptoms without addressing the causes is futile.

Perhaps before any new attempts are made to engage the government, the international community, especially the pro-sanctions/isolation camp must first ask itself the following: *How can isolation, economic sanctions and withholding aid help alleviate the terrible suffering of the population in Burma/Myanmar?* Those who argue that only the naive would engage a brutal military regime that cannot be trusted should reassess their own attitudes as well. It may be true that the current regime is undesirable, not to mention extremely stubborn and difficult to work with; however, principled stands on human rights (especially the release of political prisoners, including Suu Kyi), democracy, and political legitimacy have overshadowed the real crises facing the people of Burma/Myanmar.

What Rolf Carriere stated in 1991 remains true today: the children cannot wait until the “right” government comes to power. While the military leaders may be criticized for their distorted priorities, unless help is provided, such policies are likely to continue. In a way, while the SPDC may be starving the country of “democracy” and an “open society”, the pro-sanction isolation camp is partly responsible for starving the country and its population of the right to development. Some hope that sanctions (and isolation) would result in greater pressures on the Tatmadaw for change. For instance, Philip S. Robertson, Jr. – the mainland Southeast Asia Representative of the Solidarity Center, AFL-CIO – in writing in his own capacity argues that:

“Sanctions create pressure against the SPDC’s base of its political power by threatening the military leadership’s relationship with the

middle and lower level officer corps.... Economic sanctions reduce the size of the "economic pie" from which the SPDC can slice pieces for its patronage networks, and creates additional hardship for low- and mid-level military families.

Furthermore, when the economy is weakened by sanctions... [it] creates additional popular resentment against the military, and builds support for political change. The dearth of foreign investors... also has a psychological effect that strikes at the Tatmadaw's perception of self as highly competent managers of national affairs, creating further pressure for change from the general populace and, potentially, from within the military."³⁰⁵

Such ideas are provocative. The two lessons from the 1988 SLORC "coup" are that the Tatmadaw leadership is not only willing to use force against protestors, but that it is also apt at reinventing and repositioning itself as "savior" in times of crisis. They are very likely to resort to extreme violence, especially now that it understands its own unpopularity and knows it cannot win an honest election under present circumstances. Furthermore, it is also unclear how China and India – both of which are nervous about each other's level of influence in Burma/Myanmar – would react should a regime-threatening people's uprising occur. Due to the geopolitical importance they attach to the current leadership (especially China), it is doubtful that they would sit idly by as it collapses. Their intervention, be it direct support for the military government in dealing with protests, or at the international level, may greatly hinder the international community's attempts at supporting the opposition democratic camp. As a foretaste of what could happen, one should refer to the unwavering support China granted to Uzbekistan's President Islam Karimov following the Andijan uprising in 2005.³⁰⁶ As for the Indians, there are also those within the Indian policy-circle

³⁰⁵ Philip S Robertson, Jr., "Sanctions Are Working in Burma," *The Irrawaddy*, August 26 2003, <www.irrawaddy.org/com/2003/com31.html> (October 15 2006)

³⁰⁶ Uzbek President, Islam Karimov's first trip abroad soon after the violence in Andijan was to Beijing. There, he not only reportedly received praise, but also expressions of delight for his handling of the uprising. The Chinese also gave him a 21-gun salute and refused to support an international investigation into the Andijan events. Stephen Blank, "Islam Karimov and the Heirs of Tiananmen," *Eurasia Daily Monitor*, June 14 2005, <www.jamestown.org/edm/article.php?article_id=2369877>

who believe that color revolutions are U.S.-franchised, CIA-backed coups aimed at disposing governments who are not U.S.-friendly.³⁰⁷

It is easier to light a fire than to put it out once it has spread. Even assuming that sanctions and isolation would *eventually* lead to the subsequent overthrow of the military government, we cannot be certain that the opposition democrats would assume state authority in place of the military and have real power in exercising control over a country roused by discontent, disenfranchisement, and depravation. By then, the country would have been even further impoverished – a humanitarian and socio-economic disaster in its own right. Also, by purposely aggravating social and ethnic fault-lines which already divide the country today, an uprising could very likely drive the country into total collapse. Such an outcome would represent a pyrrhic victory for the pro-sanction / anti-military government camp at best.

Would governments who actively support isolation and sanctions be willing to step forward without hesitation to provide adequate and urgent financial aid towards state-building and the necessary number of peacekeepers to help stabilize the situation should a civil war actually break out? Interestingly, refugees escaping from the country frequently talk about the suffering in the hands of the government plus the socio-economic hardship they experienced inside the country. Political exiles aside, it is unclear how many among the exodus, if any at all, have actually stood up and gratefully thanked the West for the harsh sanctions they have implemented, and proceed to urge these governments to impose even further hardship on the country, so as to ferment conditions for an uprising to overthrow the military government.

(October 01 2006)

³⁰⁷ For a sample of such thinking, refer to the article by a former Indian diplomat: K. Gajendra Singh, “In Ukraine, a Franchised Revolution,” *Asia Times*, November 26 2004. <www.atimes.com/atimes/Central_Asia/FL02Ago1.html> (October 01 2006)

5. Recommendations

The Premises for Change

This report advocates engagement with the ruling SPDC as a policy of sustainable dialogue. This does not mean appeasement in support of the status quo, but stability in change through gradualism. However, such an approach surely begs a bigger question: engagement leading towards what? There should be a clear plan or purpose, mode and goal for such a relationship.³⁰⁸ The international community needs to prioritize the challenges facing the country at present, and then decide on how to deal with the most practical and urgent ones first. At present, the debates between the isolation and engagement camps surrounding the Burma/Myanmar *question (or debate)* could perhaps be framed in the following manner:

- Reform *versus* Relief
- Democracy (and Human rights) *versus* Development
- Change *versus* Continuity

However, if one is to accept the high risk of any sudden regime instability, and possible state collapse and suffering of the population as intolerable, gradualism as an approach should then be adopted. If so, the Burma/Myanmar *question (or debate)* could perhaps be reframed as a *process* instead, namely:

- Reform *through* Relief
- Democracy (and Human rights) *through* Development
- Change *through* Continuity

The success of the international community's approach will largely be

³⁰⁸ Bruce Matthews, "Myanmar's human and economic crisis and its regional implications," in *Southeast Asian Affairs 2006*, Daljit Singh and Lorraine Carlos Salazar (eds), (Singapore: ISEAS Publications, 2006), 219.

determined by the international community's and the SPDC's perception of each other's motives. In response to the plight of the local population, there must be a greater sense of urgency in addressing the Burma/Myanmar question. Nevertheless, urgent action must also be tempered by realistic step-by-step goals and a clear understanding that there are no quick fixes. To put things in perspective, the country's problems have been brewing for over 40 years: in talking about political reform, we must remember that the military has been entrenched in power since the 1960s; in economic and social reform, we are dealing with disasters that have been neglected and mismanaged for several decades. Political change, including democratization, will not resolve this overnight.

Looking into the role of the international community, Morton Pedersen nicely sums up what the long-term goals of the external actors should be, as well as provides a set of benchmarks against which developments and policies can be judged:³⁰⁹

- A stable country at peace with itself and its neighbors;
- A modern growing economy that meets the needs of the general population;
- A democratic government that represents and protect the interest of all citizens.

Thus, in making decisions about the type of assistance that should be granted, we should keep the following premises in mind:

- It should work to bring about gradual change;
- It should maintain a realistic and long-term perspective on how to create a positive environment;
- It should address the fundamental material needs of the population and decrease their vulnerabilities;
- It should work towards reconciliation among the opposition groups, the regime as well as the ethnic nationalities.

³⁰⁹ Morten B. Pedersen, "The challenges of transition in Myanmar," in *Myanmar: beyond politics and societal imperatives*, Kyaw Yin Hlaing, Robert H. Taylor and Tin Maung Maung Than (eds) (Singapore: ISEAS Publications, 2005), 170-1711.

Clearly, this approach favors engagement as a remedy to the problem. However, this should not be mistaken as appeasement. The ultimate objective is to establish an arrangement aimed at bringing the country out of isolation. As Pedersen rightly notes, “the challenge facing the international community today is how to become more actively engaged in Burma/Myanmar in ways that promote the long-term aim of building a peaceful, prosperous and democratic society.”³¹⁰

Indeed, the best way towards reform is to slowly cultivate domestic pressure for change within Burma/Myanmar and build the basis for successful reform once the opportunity arrives. This means “a multi-track approach that combines mediation with broader peace-building initiatives and carefully targeted technical and material assistance to help revitalize and reorient a stagnating and increasingly unequal society and economy”.³¹¹ In practice, such short and medium term strategies are:³¹²

- Mediating a negotiated settlement;
- Better access to knowledge (increasing information flows). All stakeholders should have improved understanding of the problems faced by the country. This would improve understanding of relevant solutions and provide the stakeholders with capacity and know-how for implementing ideas.
- Strengthening the independent sectors, especially those who are inside Burma/Myanmar. This means carving out roles for the independent sector free from state-control, in business and social organizations;
- Alleviating poverty.

Similarly, Steinberg argues that instead of focusing on “democracy”, the first step should be focused on “pluralism” – those centers of influences in all fields, and the development of social capital.³¹³ Bearing in mind the above points, specific recommendations are as follows:

³¹⁰ Ibid., 171.

³¹¹ Ibid., 171.

³¹² Ibid., 171-178.

³¹³ David I. Steinberg, “The roots of economic malaise,” in *Myanmar: beyond politics and societal imperatives*, Kyaw Yin Hlaing, Robert H. Taylor and Tin Maung Maung Than (eds), (Singapore: ISEAS Publications, 2005), 106-107.

Political Engagement

- The SPDC should be convinced – not with threats but through rapport and persuasion - that it will be in the best interest of the country to engage the outside world. They need to understand that if the situation continues along the current track, the military government will eventually fall and they will lose everything;
- The effectiveness of existing sanctions should be assessed since they hurt the population more than the military while the counter-productive nature of additional sanctions should be recognized;
- The role of the international community is to facilitate reconciliation between the domestic actors.
- The existing deadlock between the military and the opposition must be addressed first, since it undermines the opportunity for full dialogue. As a start, the need for a power sharing arrangement should be acknowledged by the international community and, when suitable, brokered.
- The international community should refrain from insistence on recognizing the results of the 1990 elections which the NLD won while labeling the present military government illegitimate. Such an approach is counterproductive since it neither provides the military incentive to engage nor cooperate.
- The political challenges facing Burma/Myanmar cannot be solved at the United Nations Security Council. The more appropriate approach is to start a reconciliation initiative through confidence-building measures by bringing the parties in dispute to the negotiating table;
- Statements about the government should be more balanced. The government deserves recognition for some of the measures they have taken together with the international community. For instance, their role in cooperation over illegal narcotics eradication.

Non-Political Engagement

There is an urgent need to address Burma/Myanmar's dire social and

economic situation. The international community should work towards convincing the military government to allow for greater freedom to operate in remote and conflict-ridden regions of the country, so as to reach those in direst need of assistance. It should be made clear that the purpose of such assistance is separate from the call for political reform. Engagement in this sphere is important, especially in areas of public health and the environment, since the threats faced today, such as HIV/AIDS, Avian Flu, SARS, pollution, do not respect national boundaries; and more importantly, because they impact the general population the most. Besides, they are challenges that cannot be resolved through sanctions and isolation. Accordingly, the following measures should be taken:

- More emphasis in educating trainers on health related issues (such as sex education, drug abuse) through training-for-trainers workshops;
- Workshops for Small and Medium Enterprises business holders on how to operate businesses to kick-start the economy and as a step to stimulate employment;
- Work on technical cooperation programs to conserve the environment and to educate farmers on the best practices for the agricultural sector.

Beyond “Carrots and Sticks” - A New International Consensus Driven “Collective Intervention”

It has been said that Burma/Myanmar is at the crossroads. This is not true – the country has long wandered into the wilderness. If the international community intends to help the country, a remedial course of action inevitably involves dialogue with the SPDC. Diplomacy is about talking to one’s enemy. Suu Kyi herself acknowledged that the absolutist approach will not work and that private negotiations with the SPDC must be continued.³¹⁴ The UN Security Council is not the best of place to resolve the Burma/Myanmar crisis. However, the UN Special Envoy for the Secretary-General to Myanmar should continue to maintain contacts with the SPDC as a channel for diplomacy both formally and informally. The UN should

³¹⁴ Bruce Matthews, “Myanmar's human and economic crisis and its regional implications,” in *Southeast Asian Affairs 2006*, Daljit Singh and Lorraine Carlos Salazar (eds), (Singapore: ISEAS Publications, 2006), 219.

also look into the further use of its various agencies to address the development and humanitarian situation in the country. While operating inside the country, they can also formally and informally engage not just the military leadership, but also mid-ranking officers, as well as the various ethnic communities.

In actual fact, it is the international community that is at the crossroads. There have been numerous voices across all spectrums agreeing that “it is time” for the international community to act. Unfortunately, that is as far as consensus goes. Many agree that they have a patient that requires attention, but differences remain as to what constitutes the right course of treatment for the *body politic* of Burma/Myanmar. On the part of the international community, dialogue to calibrate strategies has also been lacking. This underlines the lack of credibility on the international community’s part. It is therefore time to organize a Chilston-type conference once again, gathering all important actors to discuss how best to assist the country on its road towards domestic political reconciliation, socio-economic reform, and reintegration into the international community.

Opinion is divided at the moment as to how best to treat Burma/Myanmar. Before even talking about engaging the SPDC, the most pressing problem that has to be addressed among the international actors is the stark opinion divide between the pro-isolation and the pro-engagement camps. It is crucial that the country’s Asian neighbors such as China, India, and ASEAN member states are fully involved in such a process since they have political and economic ties with the military government, and as Burma/Myanmar’s neighbors have valid concerns and special roles to play. China is especially important since it is the principle backer of the SPDC and has veto-wielding power in the UN Security Council. Contrary to popular belief, China is in fact not adverse to the idea of reform in Burma/Myanmar as long as it contributes to the stability of its neighbor and is done in cooperation with the military leadership of Burma/Myanmar.

Only when there is international consensus can those concerned by the country’s plight be able to stage a credible “intervention” based on *collective persuasion* to get the SPDC to undergo genuine reform necessary for

recovery.³¹⁵ This would represent a new approach of trying to convince the SPDC to move towards reform on the basis that such a move is for its own good. In many ways, an “intervention” moves beyond the “carrots and sticks” strategy often cited and discussed by diplomats. The “carrots and sticks” rhetoric and mindset appears patronizing, even demeaning, since it treats the subject as lacking the capacity to think for itself and can only submit to either threats or handouts. Indeed, such a sentiment was aroused when the government was offered the \$1 billion Chilston Park aid package. In response, Burma/Myanmar Foreign Minister’s Win Aung replied: “For us, giving a banana to the monkey and then asking it to dance is not the way. We are not monkeys.”³¹⁶

Perhaps the negotiation of practical means of engagement could be broken up so as to have a piece-meal approach in four parts: Diplomatic, Information, Military, and Economic (DIME). This makes the chance of a negotiated settlement more likely since differences are diffused into smaller pieces and are thus rendered more manageable. The entire process could then develop into a series of compromises over a set of different issues. Thus, the conference would be less of a hard-to-digest “either sanctions or engagement” debate, but more of a partnership discussion to find common grounds and avenues to approach the SPDC. The international community must realize that a breakthrough is only possible through a concerted bold new approach. Another point which would have to be stressed during the conference is that the international community needs to adopt a long-term perspective when engaging the SPDC on reform. In other words: patience is of the utmost importance.

In early November 2006, a conference was recently held in Wilton Park in the UK titled: *How can the international community respond to Burma's needs? (November 2-4 2006)*. According to the brief conference highlight report (found on the Wilton Park website), the event had a humanitarian focus

³¹⁵ In clinical terms, an “intervention” is an orchestrated attempt by one, or often many, people (usually family and friends) to get someone to seek professional help with an addiction or some kind of traumatic event or crisis. The same principle can also be applied at the international relations level.

³¹⁶ “Aiding Burma,” *The Irrawaddy*, Vol 10, No. 9. November 2002, <www.irrawaddy.org/database/2002/vol10.9/editorial.html> (October 15 2006)

aimed at taking stock of the current situation in the country and at identifying its basic needs and examining options for action by the international community. It was supported by the Australian Government, Royal Norwegian Ministry of Foreign Affairs, Swedish International Development Cooperation Agency and the UK's Department for International Development as well as the Heinrich Böll Foundation.³¹⁷ The importance of such conferences cannot be denied. However, unless humanitarian and development measures are accompanied by political dialogue and engagement with the military government, the full potential and benefits of such humanitarian and development assistance strategies will not be realized, since they only address the symptoms but not the cause of the problems, which is political in essence.

³¹⁷ Wilton Park conference on "How can the international community respond to Burma's needs?" November 2-4 2006.
<www.wiltonpark.org/highlights/viewstory.aspx?url=/wp_128075424654351250.html>
(November 20 2006)

6. Concluding Analyses

The “Tripartite”

While certain political exile communities and solidarity groups campaigning against the military leadership have long been urging the international community to take stronger action to address the problem of Burma/Myanmar, one should understand that the problems facing the country as a whole today are inherently domestic and there is a limit as to how much external actors can do to help resolve the situation. At the root of the problem is the question of political accommodation among the three key domestic actors. The country has an on-going political confrontation with the military emphasizing on security for the union of the state, the ethnic minorities arguing for improved rights, and the opposition groups calling for greater democratization. While the Tatmadaw can be considered the most immediate obstacle to change, the ethnic nationalities issue is the biggest and most enduring political challenge facing the country since independence, something the advent of democracy will not automatically resolve.

The ethnic nationalities issue was a key reason for the military coup in 1962 and is now still used by the military to justify its continued rule. None of Burma/Myanmar’s neighbors threaten the country and, therefore, the present government has chosen to use the ethnic groups and insurgents living along the borders as justification for its high defense spending.³¹⁸ Instead of the minority issue, there has been a worldwide tendency to focus on the issue of democracy over other issues affecting the country. After all, “the democracy movement is sexy, unlike the ethnic issue which is difficult.”³¹⁹ However, as the International Crisis Group has pointed out, only the

³¹⁸ Helene Harroff-Tavel & Charles Maffey, "In the Hands of a Few: Ethnic Minorities as the Future of Burma," *Mentis Vita*, Volume 4, Issue 2, Spring 2004, 116., <www11.georgetown.edu/programs/gervase/cfi/mentisvita/iv.ii/Burma.pdf> (September 15 2006)

³¹⁹ *Ibid.*, 134.

opposition is concerned about democracy; the military and ethnic groups are more concerned about the distribution of power between the central government and the regions.³²⁰ The ethnic nationalities consider the constitutional problem on power sharing to be the major concern. They feel that it is the constitutional crisis that would have to be resolved most urgently. The notion of “Tripartite Dialogue” was first used in the 1994 United Nations General Assembly resolution and understood to mean dialogue among the three parties mentioned above. This highlights the indispensable participation of the ethnic nationalities in political transition and the national reconciliation process.³²¹ However, the implementation of such dialogue is problematic: there has yet to be common forums or consultative bodies where parties can meet equally. There are also competing parties and even if a tripartite dialogue is agreed on, it is unclear who would represent the various ethnic nationalities.³²²

As the socio-economic situation worsens because of domestic mismanagement, incompetence, and corruption, and because of the range of trade and financial sanctions (and isolation) imposed by the West since the 1990s, the country can be characterized as having a strong regime but a weak state. The Tatmadaw considers itself to have played a central role as “savior of the nation” in the national liberation struggle and during the earliest years of independence, namely in 1948, 1958, 1962. The current military leadership, which took control in 1988 in a military coup, continues to believe that the Tatmadaw as an institution should have the lead role in the security and development of the country. It is therefore reluctant to enter into any form of power-sharing agreement for fear of being displaced by a democratic civilian government made up of opposition members and also for fear of losing control over the regions occupied by the ethnic minorities. With the current military government more entrenched in power than ever, it is

³²⁰ “Myanmar: Sanctions, engagement or another way forward?”, ICG Asia Report No. 8, April 26 2004, 26., <www.crisisgroup.org/home/index.cfm?id=2958&l=1> (November 23 2006)

³²¹ Tripartite Dialogue, *Online Burma/Myanmar Library*, <www.ibiblio.org/obl/docs/EnscTRIPARTITE%20DIALOGUE.htm> (November 01 2006)

³²² Martin Smith, “Ethnic Political Platforms In Burma And Their Evolution Since Independence,” *Burma Debate*, April 04 2003, <www.burmadebate.org/burmaPrint.php?article_id=25&max_page=3>

unlikely that a peaceful transition to a democratic civilian rule will take place in the foreseeable future.

Social considerations

Burma/Myanmar is facing severe problems on all socio-economic levels. The over forty-year-long mismanagement of the economy has led to a country that can barely feed its citizens. The country is lacking infrastructure and electricity and basic social needs as health care and education can not be supplied by the state.

The long-running insurgencies, due to political and ethnic conflict, have aggravated the problems with illegal narcotics and the spread of HIV/AIDS. Despite decreases in the production of illicit drugs, Burma/Myanmar continues to be the world's second largest producer of opium after Afghanistan. The HIV/AIDS problem is constantly escalating, and much-needed aid from international aid organizations remains insufficient. The military leadership has imposed restrictions on the international organizations, dramatically complicating their work, and in some cases, forcing them to cancel their work in Burma/Myanmar.

Internally displaced persons (IDPs) are numerous due to the government's "Four Cuts" strategy of fighting the insurgents. The military forcibly relocate people in order to cut the recruitment base for the insurgency armies. This results in IDPs living under terrible conditions with no or little access to health care and education. Along the borders, especially the border with Thailand, Burmese/Myanma refugees are gathered in camps, where the situation is in many ways appalling. Recent surveys have called it a disaster zone with conditions as bad as in the worst places in Africa. Yet another problem is the systematic use of forced labor. The ILO has referred the case of Burma/Myanmar to the International Court of Justice in The Hague for its failure to comply with promises of abolishing the use of forced labor. To end the mess that Burma/Myanmar finds itself in, a cease-fire agreement providing stability and safety for the country's minorities is required.

Economic considerations

The Burmese/Myanma economy is extremely difficult to evaluate. This is because there are very few reliable facts, since the government does not provide nor publish data and statistics; and sometimes it is reluctant to give out any even if it exists. The government is also known to publish over-optimistic figures that are clearly unrealistic. It has reported a GDP growth of over 10 percent at the same time that independent analysts have estimated the real growth to have been negative.

Instead of providing basic social needs for its people, such as health care and education, the SPDC has spent most of Burma/Myanmar's money on expanding the armed forces, the Tatmadaw. The country lacks a number of prerequisites that are needed for an economic growth and development. Secure property rights, a functioning banking system, trust in the currency and a transparent and coherent decision-making process, are all fundamental for a modern and stable economy. All of these are painfully lacking Burma/Myanmar.

The economy is largely based on agriculture and is only to a very small extent industrialized. Foreign direct investments are almost exclusively targeted towards the oil and gas industry. Burma/Myanmar has vast quantities of natural gas in its offshore fields; gas that its larger neighbors, China and India, among others, are competing for. The export of gas provides the current government with much wanted hard currency, and constitutes a lifeline for the bleeding economy.

To change the depressing economic reality, a process of economic rehabilitation and modernization is needed. The government needs the help of international experts, since it is clearly incapable of handling the economy on its own.

The International Community - Need for a Common Strategy

International efforts have thus far failed to secure any notable improvement in the country. The international community should rightly be concerned about Burma/Myanmar's present situation. However, the question as to how the international community should respond is a much more tricky and contentious one. In working towards positive and peaceful change, an

absolutist approach is not the right prescription – appeasement or even inaction against the SPDC only serves to prolong and entrench the government, providing it with little incentive to democratize and integrate with the rest of the world. Punishment and isolation, on the other hand, only result in inflicting greater suffering among the general population, rather than the ruling elite. It would be easy to say that a constructive approach is required; however, what outcome should it lead to?³²³ If engagement is the way forward, there should also be a clear plan as to the purpose, mode and goal for such a relationship. The success of the international community's approach will largely be determined by the two side's perception of each other's motives. The international community would also have to sit down to resolve their own different attitudes towards the military leadership so as to find common ground as a basis to engage the latter. It would be timely to organize a conference with the participation of the international community concerned about the country (including Asian states) to work out a collective strategy as a means to address Burma/Myanmar's problems.

The Tatmadaw - A "State Within a State"

Special emphasis has been given to the Tatmadaw in this report for the following reasons: (1) they are currently the ones in power and have been so in various guises since 1962; (2) they present the biggest obstacle to political reform; (3) the worldview of the military government is not well-understood; (4) they are notoriously unresponsive to outside pressure and international leverage appears limited – which means that there is need to understand the various options suitable in dealing with them; finally, (5) the lack of exposure to their assumptions and logic of reasoning, especially in the West, has limited opportunities for engagement, avenues for compromise and the prospect of facilitating a lasting settlement based on the premise of peaceful change.

It is not the intention of the authors to justify the behavior of the Tatmadaw. Rather, we hope that by exposing the reader to the history and thinking behind the Tatmadaw leadership, we can better diagnose and then discuss

³²³ Bruce Matthews, "Myanmar's human and economic crisis and its regional implications," in *Southeast Asian Affairs 2006*, Daljit Singh and Lorraine Carlos Salazar (eds), (Singapore: ISEAS Publications, 2006), 219.

how best to help resolve the Burma/Myanmar's problems in a peaceful manner. While the more militant opposition exiles and solidarity groups have been urging regime change, we need to caution ourselves and bear in mind that the Tatmadaw having ruled the country for over four decades; it is likely that they would resort to the use of force if their authority is threatened, as the current government did in 1988.

The Tatmadaw's extended years in power has resulted in considerable investment in their capacities and expanded roles within the country. Isolation has also incubated a culture of self-centeredness. This has led some commentators to describe the Tatmadaw as a "state within a state" noting that military staff has its own set of privileges.³²⁴ Thus, the military institution has also become a channel for social mobility³²⁵; which means that military personnel, especially the middle and senior ranking officers, have a vested interest in ensuring the survival of this regime. Therefore, in talking about political change, we should acknowledge that it would be unrealistic to expect the Tatmadaw to agreeably relinquish power overnight and in addition, assume that the opposition democrats would be able to assume office immediately and fill the power vacuum left behind by the military government. In other words, the Tatmadaw needs to be regarded as a crucial stakeholder for any political settlement and should be engaged, rather than sweepingly dismissed.

From Military Coercion to Democratic Cohesion - Reconciliation as Remedy

Admittedly, such an assessment raises questions as to whether democracy and human rights are *immediate* priorities as the National League for Democracy claims, or whether they are supplementary issues to be faced after the unity of the state is securely in place and military guidance enshrined as the Tatmadaw believes.³²⁶ The pro-democracy camp could argue

³²⁴ *Making Enemies: War and State Building in Burma*. By Mary P. Callahan. (Ithaca, N.Y: Cornell University Press), 2003; Chris Winslow, "Burmese daze," *Online Opinion*, June 09 2006. <www.onlineopinion.com.au/view.asp?article=4560> (October 15 2006)

³²⁵ Zaiton bte Johari, *The role of the Tatmadaw in the modern day Burma: an analysis* (Thesis), (Naval Postgraduate School, Monterey CA, March 2000), 69.

³²⁶ David I. Steinberg, *Burma - The State of Myanmar*, (Washington D.C.: Georgetown University Press, 2001), 281.

in response that the Tatmadaw is itself part of the problem; that this institution has been corrupted by key personnel and turned into a cancerous tumor. While there may be some truth in this argument, it is nevertheless not decisive since the abrupt collapse or sudden replacement of the military government would only cause further chaos. With the country already facing a failing economy, falling standards of living and a deteriorating health situation, such a scenario is nightmarish, not only for Burma/Myanmar itself but for the entire Asian region as well.

To clarify: recognition of the Tatmadaw as a stakeholder is not aimed at neutralizing the opposition and solidarity groups, or their democratic principles; it is accepted that democratization and a return to genuine civilian control is an essential ingredient for the treatment of the country's many ailments. The inclusiveness of a sophisticated democratic system³²⁷ would in many ways indeed serve to facilitate a future Burma/Myanmar based on justice and equality and ultimately, social cohesion – or at the very least cohabitation. The cohesion (and cohabitation) approach is certainly more stable and enduring than coercion, which the military tends to resort to in dealing with dissent. The issue here concerns timing and process. A sensible solution is to improve civilian-military relations, leading eventually towards democratic transition.³²⁸ Such an approach is more realistic than the abrupt displacement of the existing military regime in favor – and in hope – that a civilian government could assume control. Fundamentally, any remedy applied must be such that the patient does not die as a result of “surgery” or “shock therapy”.

³²⁷ The Burmese opposition has framed this as “Democracy, Human Rights and Federalism”. This is the slogan found on the website of the National Coalition Government of the Union of Burma and the Members of Parliament Union (Burma). <www.ncgub.net/> (November 01 2006)

³²⁸ “Summary Report: Shaping Civil-Military Relations in Burma: Learning Lessons from ASEAN, 31 July, 2002 - 2 August, 2002 Jakarta, Indonesia & 5 - 6 August, 2002, Bangkok, Thailand,” The Burma Fund, (undated).www.idea.int/asia_pacific/burma/upload/summary_report.pdf> (November 12 2006)

7. Closing Statement

Burma/Myanmar is riddled with extremely complex problems and there is no silver bullet remedy for its ailments. Action must be tempered by realistic and practical goals and that means working towards gradual change in the country by adopting a long term and holistic perspective of what needs to be done. The admirable thing about Aung San Suu Kyi has long been her patient dedication to peaceful and non-violent struggle. Therefore, while the intentions are admittedly good, it would nevertheless be shameful to see misguided policies flung towards the existing (and highly unpopular) military government in a way which could plunge the country into state collapse – or worse – civil war. The only peaceful solution available would be a political settlement, starting with political dialogue, which would enable the three parties to reconcile their differences – or at least work out a cohabitation arrangement – so that the country could embark on a genuine and sustained path of recovery. The international community's role is to facilitate such a process, rather than be overly occupied with the idea of regime change.
