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DRIVERS OF POLITICAL CHANGE IN POST-JUNTA, CONSTITUTIONAL BURMA

FEBRUARY 6, 2012

This publication was produced for review by the United States Agency for International Development Asia Bureau. It was prepared by Dr. Mary Callahan and Dr. David I. Steinberg, under contracts with Management Systems International.

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Contracted under AID-OAA-I-10-00002, AID-OAA-TO-11-00051

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ACRONYMS

ASEAN	Association of Southeast Asian Nations
BGF	Border Guard Force
CinC	Commander in Chief
FDI	Foreign Direct Investment
GONGOS	Government-Organized NGOs
ICRC	International Committee for the Red Cross
KIA	Kachin Independence Army
KIO	Kachin Independence Organization
MEC	Myanmar Economic Corporation
NDSC	National Defense and Security Council
NLD	National League for Democracy
PLA	People's Liberation Army
SLORC	State Law and Order Restoration Council
SME	Small-Medium Enterprise
SPDC	State Peace and Development Council
UMEHL	Union of Myanmar Economic Holdings Limited
UMFCCI	The Union of Myanmar Federation of Chambers of Commerce and Industry
UNDP	United Nations Development Program
USDA	Union Solidarity and Development Association
USDP	Union Solidarity and Development Party

KEY MILITARY AND POLITICAL FIGURES

Aung Min	Minister of Rail Transportation
Aung San Suu Kyi	General Secretary of the NLD
Aung Thaung	MP (Taungtha), USDP Secretary-1, former Minister of Industry (1)
Dr. U Myint	Economic advisor to the president
Kyaw Hsan	Minister of Information and Culture
Min Aung Hlaing	Commander-in-Chief
Soe Thein	Former Commander-in-Chief, Navy, currently Minister of Industry
Sr. General Than Shwe	Chairman of the SPDC, 1992-2011
Thein Sein	President of Burma
Thiha Thura Tin Aung Myint Oo	Vice-President of Burma
Thura Shwe Mann	Speaker of the Lower House
U Htay Oo	USDP Secretary-General; former head of USDA, former Minister of Agriculture
U Tin Oo	Former Commander in Chief of the armed forces of Union of Myanmar, deputy leader of the NLD
Zaw Min	Minister of Electric Power (1)

MAP



EXECUTIVE SUMMARY

The last year has seen a series of wholly unexpected and quite high profile political achievements in Burma, including the reconciliation of Aung San Suu Kyi with the government, the rapprochement between the United States and the Burmese Government, and the formal dissolution of rule by the military as an institution. This report argues that if 2011 proves a decisive transitional moment in Burma's political history, the most plausible interpretation is that these changes constitute the first steps in a political transition managed from "above." The process has been defined and controlled by leaders of the *tatmadaw* (the national armed forces) from a position of strength, not in reaction to destabilizing popular mobilizations or as a result of institution-threatening factionalism among leaders. The new constitution and the domination of senior positions of authority by (mostly) retired senior military serve to protect the interests of military officers and their families as well as the military as an institution. That said, however, the first nine months of what may turn out to be a transition from above have ended the domination of the political system by the military-as-an-institution and witnessed the emergence of a realm of public, political life that is no longer subject to draconian "national security" mandates. Given how early Burma is in this process, the causes, implications, and the potential for reversal of these changes remain unclear.

This paper identifies the key drivers of the major changes that have occurred in the domestic political situation in Burma since early 2011. Section 2 explains the events that led up to the elite-level pact that appears to have been concluded between Aung San Suu Kyi and President Thein Sein. Section 3 describes the retrenchment of the military from public life and the advent of the post-junta, constitutional government. It goes on to analyze the networks of Burmese individuals and organizations that created an environment conducive to this kind of political breakthrough and that will likely continue to influence the future direction of historical change. Section 4 identifies major policy issues and developments that will have an impact over the nature and direction of political reform. Section 5 analyzes the interests and positions of key regional actors, with a major focus on China, India, and ASEAN. Section 6 concludes with a forecast on prospects for sustainable and meaningful political liberation.

The report finds that Burma is in the midst of some kind of a political transition, the contours of which are up for grabs, or at least are more so than they have been for over half a century. Although there has been no major shift in the characteristics of *who rules* (male, Burmese retired or active-duty military officers) in elite level positions of authority,¹ there exists a new political fluidity that potentially may change *how they rule*. The durability and progress of what appears to be a series of progressive reforms will depend upon on how post-junta, constitutional government leaders, military leaders, and armed ethnic group leaders manage the detritus of decades of failed military truces and unimaginative – on all sides – peacebuilding. In fact, the resurgence of civil strife and especially the warfare in northern Shan state and Kachin State since June 2011 represents the single greatest obstacle to consolidation of any meaningful reforms. As long as there is ongoing conflict in the country, the military has at its disposal legal, constitutional means to reassert martial law, retake the reins of power, and reverse any liberal reforms undertaken by the government.

¹ On June 2, 2011, Deputy Assistant Secretary of State Joseph Yun told the House Committee on Foreign Affairs, "Together with military appointees, regime-affiliated members occupy 89 percent of all seats in the legislative bodies." It should be noted, however, that the executive has a more mixed bag. Key social services portfolios, such as education and health went to respected technocrats with experience and credentials in these fields.

I. INTRODUCTION

After decades of elite-level political stasis in Burma, 2011 saw the emergence of two headline-grabbing rapprochements, one between Nobel Peace Prize laureate Aung San Suu Kyi and the Union President (and former General) Thein Sein, and the second between the governments of Burma and the United States. Beyond the flashy headlines, however, indicators of possibly broader liberalization came into view as well, including the formal dissolution of rule by the military as an institution, the departure of one of Asia's last remaining Cold War-style strongmen, a dispersal of political power across multiple arenas of authority, an apparent retrenchment of military prerogatives, an increasingly activist stance of domestic civil society and the Burmese-language print media, and progress in bringing about an end to decades-old ethnic nationalist violence. After 22 – and arguably 49 – years of domination of the polity by the military institution, what Mark Duffield² called “rule through emergency” no longer is the norm in Burma at the upper levels of government, at least for now.

If history proves 2011 to be a turning point in a longer-term process of democratization in Burma, *the most plausible narrative of these changes is that they represent early steps in a political transition managed from “above.” The process has been defined and controlled by leaders of the tatmadaw (Burmese, for the national armed forces) from a position of strength, not in reaction to destabilizing popular mobilizations or as a result of institution-threatening factionalism among leaders.* The new constitution and the domination of senior positions of authority by (mostly) retired senior military serve to protect the interests of military officers and their families as well as the military as an institution. That said, however, the first nine months of what may turn out to be a transition from above have ended the domination of the political system by the military-as-an-institution and witnessed the emergence of a realm of public, political life that is no longer subject to draconian “national security” mandates. Given how early Burma is in this process, the causes, implications, and the potential for reversal of these changes remain unclear.

The post-junta, constitutional government inaugurated behind closed doors on March 30, 2011, has created an expanded range of unexpected opportunities for pro-democratic individuals and organizations to advance a more liberal political, economic, and social agenda. The direction of what the Burmese military has called its “modern, developed, discipline-flourishing democracy” will unlikely be linear or straightforwardly toward the kind of western, liberal democratic arrangements that the United States, European Union and human rights advocacy groups have been demanding for two decades. Reactionary backlash by so-called “hardline” elements of the military is possible, and indeed very plausible if the war that re-erupted in northern Burma in June 2011 continues to go badly for the *tatmadaw*. Whatever systemic political progress has been made is entirely reversible – and legally so – under various constitutional provisions for emergency powers.

This report argues that Aung San Suu Kyi and Thein Sein, along with a small number of other influential actors, are the main parties to what appears to be an “elite pact” to end the political estrangement between major pro-democracy opposition forces and the government. That pact was probably enabled on both sides by a combination of behind-the-scenes and formal diplomacy on the part of senior officials at the U.S. State Department and Congress as well as others; moreover,

² “On the Edge of ‘No Man’s Land’: Chronic Emergency in Myanmar,” Centre for Governance and International Affairs, University of Bristol, 2008, p.2

the Suu Kyi-Thein Sein reconciliation was a necessary condition for the other rapprochement: the one between the governments of the United States and Burma.

As important as Suu Kyi's and Thein Sein's actions as individuals have been, no such pact was likely viable without the longer-term construction of Burmese social, political and economic networks of individuals and organizations that created an environment conducive to a break from past intransigence on the part of many players. If history proves 2011 to be a pivotal year, the big ticket breakthroughs on the political impasse as well as the structural reforms that eliminated the military from day-to-day stewardship of all national affairs have probably resulted from processes long underway in elite-level politics, the military, civil society, the media, portions of the private sector and other arenas. The report also describes structural barriers to longer-term democratization.

It concludes that although the country faces enormous challenges – ranging from widespread poverty, precipitous resource depletion (especially in ethnic nationality territory), the non-existence of either a legal financial sector or an independent judiciary, etc. – it is the resurgence of civil strife and especially the warfare in northern Shan state and Kachin State since June 2011 that represents the single greatest obstacle to consolidation of any meaningful reforms. As long as there is ongoing conflict in the country, the military has at its disposal legal, constitutional means to reassert martial law, retake the reins of power and reverse any liberal reforms undertaken by the government.

2. ACTUAL AND POTENTIAL DRIVERS OF POLITICAL CHANGE IN BURMA

This section analyzes the key breakthrough among Burma's elite-level politicians, while Section 3 analyzes the drivers of change in the more structural-level reform. Aung San Suu Kyi and President Thein Sein are the main partners to and drivers of the end to the 20-year-old political deadlock. At considerable political and personal risk, each of them reversed their historical and very pronounced stances against each other and publicly affirmed their commitment to work together under the terms of the 2008 constitution. Their arrangement approximates what political scientists who study democratization call an "elite pact."

From 1988-2011, Burmese citizens lived under a political system that was de facto martial law. Power was exercised by a military junta,³ but was largely concentrated in the hands of its chair, Senior General Than Shwe. The army's institutional command structure mapped isomorphically to administrative and policymaking structures. After 1993, Burmese military leaders spent 15 years drafting a constitution that appeared to give unchecked autonomy to the military. Than Shwe and most of the ruling junta likely expected, as did most other political actors in the country, that the constitution furnished pseudo-democratic window dressing on a new version of military-dominated rule. That constitution, which was ratified in a fraudulent referendum in May 2008, vests much of the power of the government in the office of the presidency, requires 25 percent of all legislative bodies to be active-duty military (appointed by the Commander-in-Chief), and offers at least three different kinds of emergency provisions that allow an unchecked president and military to set aside the constitution and reassert power. Deeply flawed and unfair elections in November 2010 did little to dispel the probability that the convening in 2011 of the first government formed out of that constitution would produce anything but more of the same.

³ Called the State Law and Order Restoration Council (SLORC) until its 1997 name change to the State Peace and Development Council (SPDC).

An “elite pact”

However, with the new constitution came a *system* in which power is formally divided between the *post-junta, constitutional government* and the *post-junta military institution*. This division appears to matter. It has introduced far greater fluidity to the situation than outgoing military leader, Gen. Than Shwe, likely anticipated. Although history will probably never produce fully conclusive evidence one way or another, Than Shwe is believed to have handpicked his successors in both the government and the military in a way to ensure their inability to threaten his personal, familial, or commercial interests. As one particularly savvy exiled leader put it after his recent visit to Burma, Than Shwe “handed over power to a weak party, a weak president, a weak vice-president, a weak Parliament and a weak *Tatmadaw*.”⁴ When the 78-year-old Than Shwe inexplicably removed himself from consideration for the presidency, retired from the military and then gave up control of the military-backed political party (Union Solidarity Development Party or USDP), he may have overestimated his ability to control the process from behind the scenes. He also appears not to have recognized the potential for well-situated pro-reform individuals and organizations to exploit the new system’s ambiguities.

In 2011, a handful of key individuals and organizations used the fluidity surrounding the ostensible retreat of Than Shwe, the dissolution of military rule and the emergence of new institutions to facilitate the “elite pact” between the former general, now president, U Thein Sein, and the military’s long-running political nemesis, Aung San Suu Kyi. Since 2011, the two leaders have collaborated on a set of personal and policy shifts that thus far have taken on the look of “liberalization” in the post-junta political system. Their pact appears to have involved concessions made by Aung San Suu Kyi, leader of the political party that won the 1990 election and the 1991 Nobel Peace Prize laureate, and President Thein Sein, a member of the junta since 1997, prime minister from 2007-2011, head of the USDP leading up to the 2010 election and a general who retired from the army in April 2010. Prior to his selection as president by the electoral college, Thein Sein had attracted atypically scant media attention for a general holding such powerful positions. Despite well-founded skepticism about any ex-general, the citizenry views Thein Sein as among the most straightforward, uncorrupt, and politically unambitious of former junta leaders. Having spent most of his military career in largely bureaucratic (rather than war-fighting) army roles, Thein Sein is thought to have undertaken very little rent-seeking or personal enrichment while in uniform, but he also may have very little personal following inside the post-2011 military.

Turning point

Although from May-August 2011 there were conciliatory moves from both the president’s and the NLD’s offices, interviews with colleagues and advisors to both leaders as well as coverage in the Burmese-language print media point to the momentary but surprisingly definitive opening of personal trust between Suu Kyi and Thein Sein (and probably including the president’s wife) in their first meeting on 19 August 2011. That trust has been reinforced by ongoing communication between them (they are said to be in fairly regular telephone contact) and via messages carried by strategically important foreign (e.g., U.S. Secretary of State, Hillary Clinton) and local (e.g., U Myint) intermediaries. Assuming the understanding that developed between Suu Kyi and Thein Sein constitutes anything like a “pact” or some looser kind of settlement, the parameters and content are unclear, likely by design.

⁴ Harn Yawngnwe, quoted in “Someone Must Always be in Control,” *Irrawaddy*, October 11, 2011.

Since the August meeting, both have gained what each can portray as significant concessions. From the president, Aung San Suu Kyi received a parliamentary amendment to the political party law and Election Commission registration for her political party. Moreover, Thein Sein cleared the way for her to stand for office. His willingness to take a political risk such as this may lie in his widely reported reluctance to serve a second term after his ends in 2015. Through his alliance with Suu Kyi, the president brought a globally-respected icon of democracy into the political process. Her willingness to run in the 2012 by-elections has conferred legitimacy on both the 2008 constitution and his presidency. That decision also eliminated the 1990 election results as the previously unmovable stumbling block of relations with the United States and most of Europe, while easing his government's attempts to improve relations with the United States, the European Union, and its many other critics, including exiles, diasporas and ethnic minority armed and unarmed opponents. EU and later US sanctions have been loosened, without criticism by the influential Nobel laureate. Under Thein Sein, Burma has been approved to host ASEAN in 2014. The former military regime's harshest critics – from US Secretary of State Hillary Clinton to George Soros and US Sen. Mitch McConnell – have all visited both Yangon and Naypyidaw and proclaimed some degree of authenticity to the process of rapprochement. Suu Kyi publicly states over and over that she views the president's commitment to reform as "genuine." She has defended the reconciliation from criticism at home and abroad and in fact has gone to great lengths to portray the compromises as steps toward what she has told the press she expects to bring on full-blown democratization in her lifetime.

Understanding the rapprochement

Despite having such apparently little room for maneuver, each of the two leaders has drawn upon key advisors, allies, and organizations as they have undertaken shifts in strategy. In terms of key players, most narratives of the rapprochement point to the intermediary role played by U Myint, 74, a respected economist with a Ph.D. from Berkeley and – notably – with no military background whatsoever. In hindsight, Thein Sein's earliest sign of a reformist bent came when he initiated a board of presidential advisors (not a constitutional provision) and – more specifically – when he appointed the civilian U Myint as his senior economics advisor in late April 2011.⁵ Over the last several years, the non-partisan Dr. Myint has written a series of compelling, widely circulated short papers on looming structural economic crises; he has formally and informally taught macroeconomics to domestic opposition political groups (such as the 88 Generation) as well as at the *tatmadaw's* own most senior staff college, the National Defence College; and he holds the kind of elder statesman-like status that allows him to speak frankly to Burma's most powerful leaders, including the president. With U Myint's guidance, the president has committed to "poverty alleviation" policies, at least in theory.⁶ U Myint is working with government, private sector and international officials to bring about far-reaching structural reforms in the financial, trade, and economically relevant legal sectors.⁷

Among others with whom U Myint has debated economics (and probably economic sanctions) in the past is Aung San Suu Kyi. The English-language press routinely labels him "a friend" of Suu Kyi, although their relationship undoubtedly is more complex. A pragmatist long frustrated with the elite-level political deadlock and the deepening economic isolation and impoverishment of the

⁵ U Myint had served as the director of the economics department in the government's Ministry of Foreign Affairs, before for a distinguished career as head of the Research Department at the United Nations Economic and Social Commission for Asia and the Pacific.

⁶ The president's commitment to "poverty alleviation" is in and of itself an indicator of greater open-mindedness. The previous regime rejected the notion that Burma experience "poverty," or if it did exist, it was caused by the anti-government economic sanctions of the United States or European Union.

⁷ He, along with Winston Set Aung, fellow civilian presidential advisor on economics, are intent on regaining Burma's access to the international financial institutions – the World Bank, IMF and Asian Development Bank – for help in this process.

country, U Myint persuaded Aung San Suu Kyi to accept the president's invitation to attend a national-level workshop on poverty alleviation on 19 August. During that trip to Naypyidaw, she met alone with the president, visited his home, was warmly embraced by his wife, and was – for the first time in twenty years – cordially and publicly engaged by one active duty general/minister and three other cabinet ministers, all recently retired from the senior ranks of the military.⁸

It is difficult to know exactly who else has had influence over Suu Kyi's decision to reconcile with the president. Since her release in November 2010, her home and office have seen a steady parade of diplomatic visitors, Burmese well-wishers and fans, and many from inside and outside the country all seeking to give her advice and simply pose for pictures with the “first lady of freedom,” as a December 2010 cover of Time Magazine labeled her. She is said to be in regular phone contact with key US congressional aides (as well as actual members of Congress) and the U.S. State Department. Top NLD colleagues, who regularly meet Suu Kyi, likewise draw their information and guidance from a broad range of sources, including exile political groups and global human rights and advocacy campaigns. Thein Sein appears to be relying on not only his economic, political, and legal advisors, but also the two particularly reform-minded cabinet ministers, who seem to be center stage for most major events and announcements. They are Minister for Industry (1 and 2), former vice-admiral and former Navy commander-in-chief, Soe Thein; and Minister for Railway Transportation, ex-Maj-Gen Aung Min.

Besides U Myint's influence on both of the key parties to the elite pact, multiple intermediaries also probably encouraged Suu Kyi and Thein Sein as well as their inner circles toward reconciliation prior to the August 19 meeting. They include Dr. Thant Myint-U (former UN official, grandson of UN Secretary-General U Thant, and current board member of the multi-donor livelihoods assistance fund in Burma), Robert Cooper (long-time friend of Suu Kyi and counselor to Catherine Ashton, EU High Representative for Foreign Affairs and Security Policy/Commission Vice-President), other official foreign diplomatic visitors (US assistant secretary of state Kurt Campbell and US deputy assistant secretary of state Joseph Yun; and later US special representative and policy coordinator Derek Mitchell), and representatives of domestic Burmese organizations such as Myanmar Egress, Union of Myanmar Federation of Chambers of Commerce and Industry, additional influential actors and groups from civil society, the Burmese-language media and others, to name a few. Ex-Maj-Gen Aung Kyi⁹ may also be a conduit of trust. With the president's imprimatur, he met with Suu Kyi twice, 25 July and 12 August, and both he and Suu Kyi followed up each meeting with unusually upbeat press briefings.

Cooperation between Suu Kyi and Thein Sein was undoubtedly the outcome of myriad influences. However, most Burmese sources argue that given what Kyaw Yin Hlaing calls the two-decade-old habits of “reciprocal obstinacy”¹⁰ and the exceptional levels of rancor and distrust, it took a chance moment – seized by U Myint, but also by the president, his wife, and Aung San Suu Kyi – to end the impasse.

⁸ Minister for Border Affairs and for National Industrial Development Maj-Gen Thein Htay; Minister for Industry 1 and 2 and former Vice Admiral Soe Thein; Minister for Railway Transportation ex-Maj-Gen Aung Min; and Minister for Labor and for Social Welfare, Relief and Resettlement ex-Maj-Gen Aung Kyi.

⁹ He is said to have been one of the few members of the “old government” (as many now call the junta) to have at least been polite to Suu Kyi when he was assigned to be her interlocutor in (what turned out to be failed) negotiations with the government. Both ILO and UNHCR representatives found him helpful in advancing reforms even under SPDC. He is now Minister for Social Welfare, Relief and Resettlement.

¹⁰ Kyaw Yin Hlaing, *Political Impasse in Myanmar*, City University of Hong Kong, Working Papers Series, No. 111, November 2011, p.6.

Challenges to the pact

Aung San Suu Kyi and Thein Sein face significant personal and organizational challenges to the political future of their pact from critics on all sides, but also within the ranks of their own power bases. Both leaders are 66 and are aging; with only two months' age difference, both have been prone to health problems in recent years. They have limited and often unreliable information at hand, pressures from an ever expanding array of foreign and domestic vested interests who seek to manipulate them, and powerful critics internal to their power bases. Veteran NLD leaders, such as U Win Tin and (former Gen.) U Tin Oo, for example, are known to be displeased with the conciliatory path the NLD is currently taking, as are campaign groups, exiled politicians and some media outlets abroad. Thein Sein and the pro-reform former military leaders in his cabinet and the legislature¹¹ may fear a potential Than Shwe return to power should the latter perceive reforms to go too far; there are also said to be roughly a half dozen retired and active duty so-called “hardliners” in prominent leadership positions in the cabinet, USDP, and state/regional level governments, for whom the pace of reforms must be decidedly inflammatory and from whom the president and his political allies will likely get little cooperation if not outright obstruction.¹²

To date, the combination of the support from key Burmese and foreign individuals, alongside the organizational or institutional bases the two leaders and their supporters bring to the table, has continued to move this transition-from-above in a direction that appears considerably more liberal than had been anticipated. Pro-reform forces within the country are hopeful that with each “success” Suu Kyi and Thein Sein achieve, they fortify their individual positions and institutional reforms against their detractors, vest more fence-sitters in all camps in the reform process, and raise the costs of a potential backlash. For those who support this kind of pacted transition-from-above, this “momentum” theory is appealing.

3. KEY POLITICAL ACTORS AND THEIR INTERESTS, OBJECTIVES, AND CAPACITIES

Burma is in the midst of some kind of a political transition, the contours of which are up for grabs, or at least are more so than they have been for over half a century. Although there has been no major shift in the characteristics of *who rules* (male, Burman retired or active-duty military officers) in elite level positions of authority,¹³ there exists a new political fluidity that potentially may change *how they rule*. Direct rule by the military-as-an-institution is over, for now. As the International Crisis Group argued, “It is highly significant that power is now more diffused than at any time in the last 50 years. This new multipolar landscape represents a change from the

¹¹ In addition to Aung Min and Soe Thein, Thein Sein appears to have gained Thura Shwe Mann, speaker of the lower house of parliament, as an ally, at least in terms of broad political reforms. Aung Min and Shwe Mann are the president's most important allies vis-à-vis the military, as Aung Min is said to have a close relationship with the commander-in-chief (who is six years Aung Min's junior), and Shwe Mann – eight years older than Min Aung Hlaing, but more importantly previously number three in the SPDC and the former Joint Chief of Staff of the Army, Navy, and Air Forces – continues to have an extensive following inside the institution.

¹² These are said to include vice president Thiha Thura Tin Aung Myint Oo (whom most Burmese consider to have the greatest personal and economic interests in seeing the liberalization process fail and a return to rule by the military, if not himself or Sr.Gen. Than Shwe), Aung Thaung, U Thaung, Thein Zaw, Kyaw Hsan and maybe a few others. Minister of Electric Power-I Zaw Min, infamous for defending the Myitsona Dam contract right up until the moment that the president halted it, is often misrepresented as a “hard liner”.

¹³ On June 2, 2011, Deputy Assistant Secretary of State Joseph Yun told the House Committee on Foreign Affairs, “Together with military appointees, regime-affiliated members occupy 89 percent of all seats in the legislative bodies.” It should be noted, however, that the executive has a more mixed bag. Key social services portfolios, such as education and health went respected technocrats with experience and credentials in these fields.

preceding system of absolute, and capricious, governance by a single authoritarian leader.”¹⁴

The first part of Section 3 analyzes this fundamental political transformation of 2011 – the emergence of a realm of “the political” that no longer by definition constitutes a threat to national security. Then it describes three sets of actors likely to have an influence over the sustainability, direction, and content of the transition to post-junta, constitutional rule. They are the post-junta government and its associated political allies; the post-junta military; and political, non-governmental drivers of change. This section explores the political objectives, interests and capacities of the three sets of actors (both in general and with some specific examples).

The emergence of a non-threatening “political” realm

For the past two decades, there were few prospects for citizen input or activism making a difference on any issue, nor was there much hope of holding government officials accountable via any kind of transparent processes. Pro-democratic forces had two choices:

- A path of confrontation with the military government (as practiced by Aung San Suu Kyi and the National League for Democracy, as well as among exiled politicians and campaign groups), or
- A minimalist grassroots strategy of village- or ward-level-based service provision and advocacy aimed at introducing democracy, transparency and accountability from below (as practiced most of the international NGOs that worked in Burma, as well as hundreds – perhaps thousands – of local NGOs and community-based organizations (CBOs)).

Anything more strident than community advocacy was viewed by the military, Special Branch, and local authorities as “politics” and “sabotage,” thus a matter of “national security” and therefore subject to periodic, arbitrary, and often brutal crackdowns. Harsh political repression was justified in terms of the *tatmadaw*’s self-image as the defender and savior of the nation.

From 2003, the SPDC laid out its mostly post-hoc “seven-step road map” to a “modern, developed and discipline-flourishing democracy. The road map included the already-underway National Convention, which eventually produced the 2008 constitution. The latter appeared to solidify the military’s political power under the cover of what were expected to be formal but ultimately powerless executive and parliamentary institutions. Later, the 2010 political party and election laws stacked electoral odds greatly in the favor of the junta-backed USDP, which in fact won a majority of the seats contested.

However, against widespread predictions,¹⁵ the constitution as implemented by Thein Sein’s government divided formal, legal political power between the post-junta military institution and the new post-junta, constitutional government. The result of this division is that multiple channels inside and outside the government have opened for some degree of citizen, media, opposition, and NGO access to policy and governance processes. For the first time since 1988 (and arguably since 1962), a succession of executive decisions, new laws, official speeches, media interviews, and formal and informal negotiations have created a realm of public life and “the political” that is not entirely subsumed by the category of “national security.” *In other words, over the last year,*

¹⁴ International Crisis Group, *Myanmar's Post-election Landscape*. Jakarta, Indonesia, 2011, p.6.

¹⁵ David C Williams, “Cracks in the Firmament of Burma’s Military Government: From Unity Through Coercion to Buying Support,” *Third World Quarterly*, 32:7 (2011): 1199-1215, 1202, 1203. In testimony before Congress in 2009, Williams argued, “I teach constitutional law, and I consult in a number of countries, and this is one of the worst constitutions I have ever seen.” David C. Williams, “U.S. Policy toward Burma: Its Impact and Effectiveness,” U.S. Senate, Committee on Foreign Relations Subcommittee on East Asia and Pacific Affairs, September 30, 2009. See also the analysis of Suzanne Praeger Nyein, “Expanding Military, Shrinking Citizenry and the New Constitution in Burma,” *Journal of Contemporary Asia* Vol. 39, No. 4, November 2009, pp. 638–648.

“politics” stopped being seen as an automatic “threat to the Union.” If this lasts, it will turn out to be the most significant structural change of 2011.

This report concludes that the president, his cabinet and the two national-level parliamentary bodies in 2011 drew upon aspects of the 2008 constitution that allowed for what currently looks like early stages of liberalization as well as a scaling back on the prerogatives of the military-as-institution. Their moves appear somewhat ad hoc in nature but were likely facilitated by the already-existing Burmese-language media, civil society organizations, political parties (including those associated with ethnic groups), private sector leaders and others, all of whom have marched into this new realm of “the public” and pushed a variety of reform-oriented agendas considerably farther than seemed possible a year ago.

It is important to not overstate the nature or durability of this basic foundational shift. Neither the elite pact nor the emergence of a multi-centered, more open political realm returned the military as an institution to the barracks. The military is still central to politics. The government remains in the hands of active-duty and retired officers who will protect the interests of their former colleagues and soldiers in the *tatmadaw*, as well as the institution’s integrity, reputation, status, and economic interests. History will likely show that the rapprochements, the constitutional division of government from military responsibilities, and the emergence of elected former military officials sympathetic to liberalization were necessary but very minimalist first steps toward any kind of durable democratic reform. Indeed, for most citizens, their day-to-day lives have changed little since the dissolution of the junta on March 30, 2011. They are still subject to arbitrary and random abuses of political power by local officials and soldiers. There is no independent judiciary to enforce rights gained under new association, protest, or labor laws, for example, nor has any major government or opposition leader made meaningful commitments to judicial or civil service reform. To his credit, Thein Sein appointed respected intellectuals and legal minds to the National Human Rights Commission, but it is an incipient body with a marginal budget and inadequate staffing. While its objectives are in line with human rights commissions in other Southeast Asian nations, the interests and capacities of this particular body and its members will not be known for at least another year or two.

The rest of this section looks at the key political actors and their objectives, interests, and capacities.¹⁶ It is divided into the following sections: the post-junta government and actors allied with it; the post-junta military-as-institution; and drivers of change outside government. One caveat: it should be noted that the rather sudden and unexpected way in which the current political fluidity emerged renders the objectives of actors and organizations harder to identify than their interests and capacity.

The post-junta, constitutional government and its political allies

Since their inauguration nine months ago, Thein Sein and his administration have acted like a ***government, not a high command***; in the “previous government,” as Thein Sein calls the SPDC, there was no such distinction. Without this fundamental shift in perspective, no liberal or democratic reforms would be possible, nor would have been his rapprochement with the United States. With this shift, the military-as-an-institution has seen a diminution in its scope of prerogatives. In 2011, the post-junta, constitutional government has fenced out a non-military

¹⁶ Conceptually it is not always easy to distinguish “objectives” from “interests,” and both are often hidden, unstated, multiple, and sometimes contrary. For this report, I try to focus on actors’ objectives for ***political developments*** (not necessarily reform, but for how they seem to prefer post junta governance to unfold); under “interests,” I try to infer why they have the particular objectives and stances they seem to.

terrain of non-threatening, business-as-usual “politics” in both formal legal fora and informal iterative decision-making processes.¹⁷

The objectives of the post-junta, constitutional government and its leaders are not altogether different from the junta it replaced: to implement the 2008 constitution, to modernize the state and economy, to maintain order, and to be treated as an equal citizen in the global system of states. Given the domestic and international context, the methods to attain these objectives undertaken by the president and a handful of government officials appear considerably more strategic and far more reasonable than those chosen by the SPDC. ***For reasons that are still unknown, they viewed the costs of political concessions as lower than the risks of further rigidity and isolation; their strategy has thus far paid enormous dividends.***

What is perhaps most surprising is the extent to which some ex-military – especially those who were disappointed with the roles they landed in the new government – have gone on the offensive to expand a new realm of “politics.” They have done so by imbuing the new governing apparatus with the symbols, rhetoric, and even the substance of a “democratic” state. The 2008 constitution could have been implemented in much more of a “window-dressing” kind of way, so why has the post-junta, constitutional government taken this route?

One interest common to Thein Sein, as well as the cabinet members, MPs, and other officials who are at least presenting themselves as reformists, is to establish the legitimacy of the “new government,” in general, but also to enhance their personal reputations and the status of the offices to which they’ve been assigned. Most of this government’s leaders served in the “previous government” and all have felt the sting of pariah-treatment when they have traveled to international meetings. Distancing themselves from the junta also may protect them personally from possible human rights violations charges for past behavior. They find themselves in cabinet, parliamentary, USDP, or state/regional level positions that offer them significantly less concentrated power than what they were used to. But at the same time, ***the exact rules of the new game for policy success, career advancement, power aggrandizement, and status and recognition are as yet undefined, which creates not only uncertainty but also opportunities for the most decisive actors to define the new rules.***

As events unfolded in 2011, some of the more visionary leaders appear to have recognized the potential to realize their common objective to enhance the standing of the country globally and – specifically – to fight sanctions in a more politically strategic way (e.g., by offering concessions). In the foreign and domestic press, many leaders, including Thein Sein, have candidly emphasized that their country’s economic backwardness leaves it ill-prepared for the competitive Asia of the 21st century. Although some post-junta government leaders may be looking for personal gain through a “transition,” it is also possible that some leaders’ motives include leaving a legacy they can be proud of. Whatever the “sincerity” of their intentions, some MPs, cabinet ministers, deputy ministers, state/regional officials, line ministry staff and even members of the military are self-consciously trying to remake their own images and craft the new institutions in ways that at least look more “democratic.” It is now relatively routine to hear officials criticize the ways of the “old government,” despite the fact that they were actually powerful figures in that government. They are establishing distance from the SPDC chapter of history and using narrative forms and vocabulary that invoke “democracy” in one way or another. Finally, political discussions inside Burma are often focused squarely on 2015 and 2020 – the next two elections. It is most decidedly

¹⁷ Writing on the health sector, Ohnmar Khin describes the many day-to-day interactions, conversations, arguments, proposals and decisions – involving an expanding realm of stakeholders – as an “iterative” process of reform. “First, What is Harm?” *The Political Dilemmas of Humanitarian Aid to Burma (Myanmar)*, ASCI Research Report No. 14, September 2008.

in the interests of the 50-60-year-old group of ex-military-turned-politicians to be portrayed as being as “democratic” as they possibly can.

Outside of, but allied with, the “new government” are powerful individuals and companies from the private sector, as well as the government-organized NGOs (GONGOs), many of which date back to the Socialist period and have functioned in a variety of different ways, including welfare services provision, and business and professional associations. Their objectives, interests, and capacities vary widely, and cannot be covered in depth in a report of this length. In the private sector, it has long been thought that some of the so-called “cronies” such as Tayza – listed by the Wall Street Journal as the 12th richest person in Asia – were either the cornerstone of Than Shwe’s autocratic rule or simply parasitic fellow travelers. It is not yet clear how the cronies’ political and economic fortunes will fare under the post-junta government. Pres. Thein Sein swept aside some of the sweetheart deals that “connections” to generals’ family provided under SPDC. There are rumors that (but little firm data as of yet) that what Stuart Larkin¹⁸ generously calls “the Biz-15,” or the largest “family-owned conglomerates,” have taken hits. The president’s commitment to macroeconomic reform may give pause to those who prospered so gratuitously via close ties with the SPDC. However, until the financial, tax, and regulatory structures are overhauled, the cronies are likely to simply look for new patrons in Naypyidaw. These Biz-15 do not seem to constitute a unified set of pro-reform or anti-reform players in terms of either the two rapprochements or the foundational change that allowed for the first steps toward political reform in 2011. In fact, Tayza is reported to have held amicable talks with Aung San Suu Kyi, and the latter attended a football game as the guest in the box seats of crony Zaw Zaw. He is the chairman of the Myanmar Football Federation, head of the Max Myanmar Group of Companies, and was blacklisted (as a “crony”) by Western sanctions.

Finally, in terms of key pro-government or government-allied actors, the USDP successfully scored a landslide victory in the 2010 elections, but it did so with massive fraud in some constituencies. It won 80 percent of the elected seats of the national lower house and 77 percent of the upper house. With 25 percent of each house occupied by the military, the ex-generals running the USDP maintain a potential stranglehold over legislative politics. However, like all political parties in Burma (see below), the USDP suffers from internal leadership disputes and a lack of cohesion. It has foundered a bit since the election. U Htay Oo, former head of the USDA and former Minister of Agriculture, has taken over the day-to-day management, but is finding it difficult to enforce party discipline in legislative votes, USDP MPs’ statements to the press, and even fundraising.

Overall, the capacity of Thein Sein’s post-junta, constitutional government to maintain this foundational step away from direct military rule and to advance its objectives is limited by the continued power of the military-as-institution; by the constitution, which provides at least three legal ways for the armed forces to retake power; by the threat that Than Shwe, who appears to have faded from day-to-day involvement, will return to take down Thein Sein; and by the sheer complexity of the multitude of economic, social, political, and international challenges they face. ***Perhaps more significantly, any new and more liberal executive orders, laws, and policies will founder in implementation. The technical, administrative, and fiscal capacity of the government service is seriously limited.*** To the degree a social services sector exists, much of it has been farmed out to Government-Organized NGOs (GONGOs), many of which suffer from

¹⁸ “Myanmar at the Crossroads: Rapid Industrial Development or De-industrialization,” unpublished paper, 1 January 2012.

the same structural weaknesses as the government service.¹⁹ The bureaucracy, with both its British and Socialist legacies, will not move quickly on reforms, and even if it were inclined to do so, decades of underinvestment in higher education and human resource development have left most government departments without the technical or strategic capacity to carry out even the most moderate and basic of changes. Public sector reforms will threaten the widespread rent-seeking and other forms of corruption that are rife in both the formal bureaucracy and some of the GONGOs.

What follows is an attempt to sketch out the objectives, interests and capacities and strengths of major government actors:

Table 1: Government Actors' Objectives, Interests, Capacities and Constraints

	Political Objectives	Interests (Why?)	Capacities Constraints
President Thein Sein	<ul style="list-style-type: none"> • Implementation of the road map • Economic development • Improvement of country's reputation internationally • End of sanctions • ASEAN chair 2014 • Elimination of dependence on China • End to civil strife 	<ul style="list-style-type: none"> • Frustration with country's backwardness • Frustration with pariah status, which he personally witnessed as head of state in dozens of international meetings • <i>[appears to have no major pecuniary interests]</i> • <i>[repeatedly states he will not stand for second term in 2015]</i> 	<ul style="list-style-type: none"> • Constitution gives executive most power • Personality encourages trust • Respectable advisors, and open to advice and new ideas • Family is uncorrupt • Threat of Than Shwe return • Hardliners (e.g., VP Thiha Thura Tin Aung Myint Oo) • Lacks constitutional and personal authority over troops • Heart problems
Cabinet: Reformers (estimate 1/4 of cabinet)	<ul style="list-style-type: none"> • Implementation of 2008 constitution • Expand liberal, market economic development • Enhance standing of country • Enhance standing of own ministry • Keep Than Shwe from returning to power • End of sanctions • End to civil strife • Construction of legitimate democratic civilian government 	<ul style="list-style-type: none"> • Frustration with country's backwardness • Frustration with pariah status • Dissatisfaction with domination of FDI by China, India • 2015 election 	<ul style="list-style-type: none"> • Presidential trust • Some following (though no direct command) among military leadership • Personal wealth negates rent-seeking • Bureaucratic intransigence to change • Threats from anti-reform elements • Limited apparent sympathy with ethnic minority concerns
Cabinet: Fence-sitters and hardliners or reactionaries	<ul style="list-style-type: none"> • Slower-paced economic development via more central control • Stability 	<ul style="list-style-type: none"> • Long history of distrust of pro-democracy opposition, ethnic minority concerns • Possible fears of retribution for junta-era behavior 	<ul style="list-style-type: none"> • Control significant portfolios (e.g., Agriculture) • (possibly) access to Than Shwe

¹⁹ Not all GONGOs suffer from these weaknesses. In a recent report, *Civil Society Gaining Ground in Myanmar*, the Transnational Institute (2011) reports that especially the professional associations that have established productive relationships with international agencies and local civil society groups have attracted qualified and committed staff who have been highly effective at carrying out charitable and sometimes advocacy work, particularly at the local levels.

	Political Objectives	Interests (Why?)	Capacities
			Constraints
	<ul style="list-style-type: none"> • Nation-building • Military predominance 	<ul style="list-style-type: none"> • Intense distrust of Aung San Suu Kyi • Personal financial, political and career security 	<ul style="list-style-type: none"> • (possibly) with each successful reform, costs of backlash increase • Media playing watchdog
<p>Speaker of the Lower House, Thura Shwe Mann</p> <p>Also vice-chair, USDP</p>	<ul style="list-style-type: none"> • Liberal, market economic development • Strengthening of parliamentary process • Improvement of country's reputation internationally • End of sanctions • End to civil strife 	<ul style="list-style-type: none"> • Frustration with country's backwardness • Increasingly sees his status tied up with institutionalizing parliament properly • 2015 presidency? 	<ul style="list-style-type: none"> • As former #3 in SPDC and former CinC, strong influence in <i>tatmadaw</i> • Family implicated in corrupt businesses • Ties to cronies
State/Regional executive and legislative officials	VERY LITTLE IS KNOWN ABOUT HOW STATE AND REGIONAL GOVERNMENTS, ALONG WITH SEMI-AUTONOMOUS REGIONS WITHIN, ARE FUNCTIONING. THUS FAR, THE GREATEST SPACE FOR DEBATE HAS EMERGED IN THE NATIONAL LEVEL GOVERNING INSTITUTIONS.		
USDP	<ul style="list-style-type: none"> • Implementation of 2008 constitution • Weakening of opposition parties • Maintain control over the pace and nature of reform • Cooptation of community leaders, particularly in ethnic minority areas 	<ul style="list-style-type: none"> • Victories in 2012 by-elections and in 2015 elections • Retain position as brokers between government and investors • Raise money for party expenditures (and probably rents) 	<ul style="list-style-type: none"> • Majorities in both houses • (possibly) access to Than Shwe • Controls national and regional/state legislatures with overwhelming majorities • Lack party cohesion • Members don't vote party line • Reputational costs of vote fraud in 2010

The post-junta, constitutional military

It is very difficult to know how the *tatmadaw* is processing the transition to post-junta, constitutional rule.²⁰ For years, it was widely thought that General Than Shwe and the junta were designing the constitution to “entrench the position of the armed forces”²¹ by giving the military autonomy from civilian oversight over internal military affairs and matters of national security. Additionally, the 2008 constitution gives the Commander-in-Chief (CinC) a majority of seats on the National Defence and Security Council, which on paper looks like it may be the most powerful government body.²²

²⁰ Intra-*tatmadaw* affairs have always been very opaque, even more so than the internal dynamics of other Southeast Asian militaries. The only public sources of information are ones with less-than-neutral agendas: except in times of major events (Cyclone Nargis, the Suu Kyi-Thein Sein reconciliation, etc.) most news coverage of Burma is from media produced by either the government or exiles and advocacy campaigns. Even the Jane's publications are filled with misinformation. There is no equivalent, for example, to the military research databases on other Southeast Asian militaries, such as the “Current Data on the Indonesian Military” maintained by scholars throughout the Suharto period in Cornell University's journal, *Indonesia*.

²¹ Here I am quoting from the analysis of legal scholar, Nicholas Farrelly, at <http://asiapacific.anu.edu.au/newmandala/2008/04/08/burmas-draft-2008-constitution/>, but the metaphor of “entrenchment” is widely used; for example, a simple google search of <Burma constitution 2008 entrench military> yields 2.8 million hits.

²² Xinhua, “Myanmar Forms National Defense, Security Council,” April 1, 2011. There is no reliable information whatsoever as yet about how the NDSC has operated. It may very well be or may become the body that – behind closed doors – adjudicates the line between the emergent, non-military “political” arena and the domain that still constitutes matters of “national security.”

Despite constitutional design to the contrary, in practice thus far, the military's institutional prerogatives have shrunk in both functional and territorial scope. Although the 2008 constitution provides the CinC with extensive autonomy over intra-military affairs, the high command no longer has the authority (and possibly not even veto power) over many realms of policy that it did until 2011, unless some constitutionally ambiguous collaboration between the NDSC, the President, and the CinC invokes “emergency.”²³ As the 2011 government has created legal space for “politics” that are not equated to “national security,” the CinC no longer claims an unchallengeable monopoly of all authority. The post-junta government under Thein Sein – and not the military high command – appears to be taking the initiative for everything from business concessions, peace negotiations with armed combatants, health and education reform, and bilateral and multilateral foreign relations, all of which previously were managed by the military directly. In practice, then, 2011 has seen a retrenchment of the position of the armed forces as an institution in the day-to-day governance of the nation.

Since his appointment last April, the objectives of Commander-in-Chief, Gen. Min Aung Hlaing, and the senior military leadership have been difficult to discern, but the CinC is probably mainly seeking to hold the military together in a time of quite unprecedented political change. An unexpected choice by Than Shwe,²⁴ Min Aung Hlaing jumped four or five academy classes in this promotion, holds a lower rank than the last two commanders-in-chief, is surrounded by a high command staffed with generals of roughly the same experience and rank, and is widely considered too junior to act radically against the president or parliament. In terms of constraints on his consolidation of power over the military, thus far Min Aung Hlaing appears to be the object of pressure from the president as well as rank-and-file troops. The president has issued two loosely worded letters to Min Aung Hlaing asking *tatmadaw* units to end the fighting in Kachin State, unless they are being attacked. Yet no such cessation of hostilities occurred. No one knows for sure whether that is because Min Aung Hlaing has ignored the president’s wishes or lacks effective control over army operations there; more probably, combat units deep into KIO territory perceive they are under attack most of the time and conclude that the order thus does not apply. Whatever is happening between the government and *tatmadaw*, questions about the CinC’s status should not be overdramatized. As Than Shwe’s choice, Min Aung Hlaing is not likely to face any major factional or leadership challenges within the ranks. The military is by no means on the verge of an unprecedented crisis, although it is – like every other actor in Burma – in the midst of discerning the outlines of the new rules of the political game.

As the first post-junta CinC, Min Aung Hlaing is also engaging in image-redesign for his position as well as that of the institution, much as his former military colleagues are doing from their government perches. As is the case with retired military in the executive and legislative branches, he has an interest in presenting himself as having adopted a narrow strategic vision for guiding the *tatmadaw* through the post-junta transition. He is reported to have described his objective to the small number of diplomats he has met as being to move the military-as-institution from its former roles in administration and governance to a relatively more limited set of “professional” responsibilities that involve defending the constitution and territory.²⁵ He appears to have in his mind some boundaries between what is his responsibility and what constitutes “policy,” which he views as the responsibility of the government. He has not micromanaged military MPs, who have voted unexpectedly on bills and resolutions (e.g., in the second session of parliament, many military MPs voted in favor of granting general amnesty to political prisoners.) Regarding

²³ There are ambiguities constitution over the precise method by which emergency rule can be invoked.

²⁴ Most observers expected Lt.Gen. Myint Aung, thought to be a disciple of Sr.Gen. Than Shwe, to be appointed CinC. However, he was sacked in early 2011. There is much speculation about his dismissal, mostly involving possible corruption concerns and his disdain for having been offered the relatively powerless position as Minister of Defence.

²⁵ He has reportedly sought educational opportunities for *tatmadaw* officers from the United States and Europe.

internal military reforms, Min Aung Hlaing has not undertaken any large-scale reorganization, but he has reshuffled command positions, such that the once-powerful regional commanders are now far more junior in rank and have been moved out of governing roles.

As critics suggest, Gen. Min Aung Hlaing's low political profile may be a strategic ploy: he has nothing to lose by taking a wait-and-see approach to how the political situation, the economy and the affairs of the military-as-institution play out. But he may also recognize that he is now the CinC of a wildly overstretched military in the poorest, most isolated nation in a region characterized by relatively remarkable development and growth. ***The tatmadaw has suffered significant (and largely unexpected) losses in the war that restarted in Kachin state in June 2011. Its operational effectiveness against well-armed guerrilla fighters has been tested and come up short.*** While he has not discussed these combat losses in public, his recognition of Burma's backwardness has come up in various settings wherein he has acknowledged poverty in his country and his nation in speeches printed in the official government newspaper.²⁶

Finally, the military's commercial interests seem to be somewhat in flux at this moment. Soon after the SLORC took power in 1988 and promised to open the country to foreign investment, the military created two large holdings companies, the Myanmar Economic Corporation (MEC) and the Union of Myanmar Economic Holdings Limited. Though owned by the Ministry of Defence and serving as the capital fund for the military pension system, their accounts have never come under public scrutiny. Like the PLA's military commercial enterprises, their access to the highly concentrated military power base of Than Shwe and the SPDC long allowed them to develop a large-scale presence in most sectors (except telecommunications), driving away potential competitors. For many years, UMEHL held a virtual monopoly over car imports, which led to perhaps the most distorted car market in the world. But in October 2011, the Railways Minister announced an end to that monopoly and began issuing import licenses broadly. As of late 2011, the status particularly of UMEHL seems somewhat less secure than would have been expected. Some of its holdings have faced legal action (for example, its passenger bus system was shut down) and cars with "UMEHL" tags have been impounded by police.

Non-governmental drivers of change

While many critics are skeptical of the motives and sincerity of the commitments pronounced to democratic reform by post-junta government and military officials, influential individuals and organizations in the media, political parties, civil society, the private sector and other arenas have been seizing both the opportunities created by at least the shift in discourse about politics and the surprisingly pluralist implementation of the 2008 constitution.

Often collaborating highly strategically, they are using the new channels to try to advance economic, political and social reforms in every opening they can carve out – from designing coordinated campaigns for formal lobbying in Naypyidaw, to publishing critical analyses of politics on Facebook and the opinion pages of the now less-censored newspapers, to organizing huge public awareness-raising meetings, to tracking down MPs at home between sessions for informal lobbying. Activists in today's Burma are not starting from scratch, but instead are drawing upon years of building networks and sharing information about how to work in what historically has been a hostile environment for non-governmental forces of any kind. In Burma, unlike more aid-dependent contexts such as Cambodia or Laos, there is quite extensive cross-

²⁶ Cited by Wai Moe in "Changes within Burmese Military Take Place," *Irrawaddy*, 3 August 2011. It may turn out to be quite significant that at least one of these public declarations was – as Wai Moe noted – to an audience of military veterans, who are often too aware not only of the impoverishment of the country, but also of their own ranks within the armed forces and its retirees.

pollination and sharing of ideas, resources, sponsors, funds, and strategies across media, political parties, staff (including retirees from government service), and civil society.

In 2011, across both government and non-governmental arenas, there developed some convergences around specific reformist agendas, such as the cancellation of the environmentally-threatening (and wildly unpopular) Myitsone dam on the Irrawaddy River; releases of political prisoners; expanded access to microcredit; exchange rate reform; and most recently, pro-farmer land legislation. The evolution of these convergences has been rather ad hoc and haphazard, dependent as it often is on personal relationships and historical trusts that have developed over years among key actors. The “political” non-governmental actors and groups reasonably can claim historic successes, such as in having had some influence on the president’s decision to cancel the Myitsone dam. What matters here is not whether the mobilizations by civil society, media, opposition parties and others can be proven to be the causes of liberal (by Burma standards) presidential or legislative reforms, but rather that for the first time in 20 years:

- There are many different arenas from which to advocate for policy changes and to hold public officials accountable;
- The densely-connected and historical relationships among highly capable non-governmental leaders can be used to advance, support, and hone reforms that at times align with the interests of some powerful government officials; and
- The military has not yet labeled any of this activity as “seditious” enough to invoke the emergency clauses of the constitution.

The objectives of non-governmental political actors are many and varied, but in general most are committed to making the best use of the political space that has opened, to institutionalize that space (e.g., with the legalization of associations or unions), and to push for further influence over whatever sector they operate in. Not all view liberalization and democratization as being their main objectives, but most are committed to expanding access to the multiplying centers of power. Likewise, their capacities are quite varied, depending on access to patronage and funds, connections, and staff quality.

Networking to stretch resources, share risks and expand impact was a defining aspect of non-government political sector under the oppressive military regimes of the past. Although networking produced a far greater space for advocacy and service provision than was widely reported, the overlapping of agendas and tendency to press for unity has had its costs as well. In particular, ***common strategies for staying off the government’s radar meant that certain kinds of organizations or linkages never emerged, such as any real or sustainable collaboration between ethnic-Burman-dominated NGOs and former armed groups after their ceasefires***, or the Burmese equivalent to LBH (a courageous legal aid organization) in New Order Indonesia, or relatively independent think tanks. Regarding the latter, the only perch for public intellectuals was at Myanmar Egress, a multidimensional private company that developed capacity building and other kinds of trainings for government officers and private individuals; with its ever-expanding network of alumni and with the patronage of important private sector actors, Egress has developed a great deal of influence over some of the key reformers in the government. But Egress’ dominance, and the absence of other kinds of fora (such as an LBH or a plurality of think tanks) for activism and advocacy may in the end come to represent a constraint on the potential for non-governmental pro-reform forces.

What follows in the rest of this section are brief appraisals of sets of actors from the political, non-governmental sectors.

Civil society. Despite decades of political repression, interference by government officials at all levels, and marked neglect by the donor community, Burma has been home to a thriving civil society for some time. Brian Heidel's book, *The Growth of Civil Society in Myanmar*, identified 270 NGOs and 214,000 CBOs in existence in 2003.²⁷ Although, as Heidel argued, the objectives of most of this sector involved service provision (education, health, and social welfare) or religion, he nonetheless pointed to widespread, emergent, horizontally-linked networks of actors providing public goods of one sort or another as well as advocacy on some issues, although usually confined to interactions with local authorities. The civil society sector has only grown over the last 10 years. It has fostered professional, personal, and political linkages among internal and external civil society organizations, as well as with the media, political parties, religious organizations, and the private sector.

There is in fact now such a “buzz” about civil society, as a recent report points out, that there is a “danger of placing too much hope and unrealistic expectations on what civil society can deliver.”²⁸ Moreover, especially since the tragedy of Cyclone Nargis, everyone is now “doing” civil society, from cronies and other private sector entities, to political parties and armed ethnic groups and media outlets. *This situation creates competition for scarce donor support, but maybe more importantly for the even scarcer resource: qualified, professional personnel. The risks of overreach may at some point outweigh the benefits of all the new entities undertaking development projects*, humanitarian assistance, and community advocacy. Moreover, the involvement of political parties in civil society runs the risk of party officials hijacking what has been a relatively community-focused orientation for organizations' agendas. Additionally, if the 2011 political reforms are reversed, the parties' politicization of humanitarian aid especially will endanger not only the projects and programs of civil society, but also the lives of those already living on the margins, who may get cut off in some kind of political litmus test.

Civil society organizations have at times crossed the line into politics as well. This has been especially apparent among groups active in former conflict zones. As Transnational Institute reports, in the 1990 election, the Shan Literature and Culture association helped ensure the electoral success of the Shan Nationalities' League for Democracy. For the 2010 elections, ethnic regions saw civil society groups spin off a number of political parties. Examples include the Karen Development Committee, which was connected to the Karen People's Party, and the Rakhine Thahaya Association, some of whose members were elected into the regional legislature.²⁹

Media. The domestic Burmese-language media has long functioned under repressive censorship and faced severe limits on its impact due to the commercial non-viability of publications in the stagnant economy. But it also has been underestimated by (often foreign-based) advocates for democratization, despite the fact that many editors, publishers, and writers have been exploiting opportunities to enhance the quality of their work over the last 20 years. Editors and publishers have attracted talented young journalists to write for what is now a flourishing print media, sent many of their staff to “capacity building” trainings in Thailand, India, and elsewhere, and developed increasingly productive networks with the local NGOs that are taking on more activist agendas. *When the government unexpectedly relaxed censorship this year, the Burmese-language print media was ready.* Maung Wuntha, for example, wrote in a *Pyithu Khit* (journal)

²⁷ (Bangalore, 2006). NGOs were defined as organizations with the following qualities: non-profit; voluntary initiative; relative independence from political parties and organizations, and government; self-governing; disinterest (“working on behalf of others”); and socially progressive. CBOs had the same qualities, but were focused on a small locality, whereas NGOs were operative or serving beneficiaries in more than one district.

²⁸ Transnational Institute, *Civil Society Gaining Ground in Myanmar*, p.3.

²⁹ Ibid.

editorial published in September 2011, “Authoritarian rule no more, no more.” While there remains the potential for a censorship backlash, journalists are asking hard questions of elected and unelected government officials, regularly publishing material critical of policies, and developing into an increasingly viable watchdog – an especially important development given the absence of a strong judiciary. Not all the 180 weekly magazines and journals or 160 monthly magazines are politically oriented; for many their interests are purely commercial. And one severe constraint is that apart from the publications of religious organizations, the government limits all publication in ethnic minority, non-Burmese languages.

The most dramatic transformation of both the form and narratives of media in 2011 was in the Burmese-language print media. However, other forms of media represent drivers of change as well. The foreign-based Burmese-language radio services, BBC, RFA and VOA, have long been a major source of news. Their journalists have taken advantage of the more liberal environment in Naypyidaw and successfully obtained visas to visit the country. They have joined the local print media in putting hard questions to elected officials and offering critical analyses of the unfolding events. The Norway-based television station, Democratic Voice of Burma, ramped up its coverage and broadcasting hours in recent years. For unknown reasons, the former junta stopped enforcing satellite licensing laws and in fact many Burmese were able to get access to DVB television broadcasts in neighbors’ homes, at teashops and via other public locations. Finally, internet and social media represent tools for political actors. Over the last year, a number of young journalists have started a new Facebook-based news services (e.g., Yangon Press International).³⁰

Political parties. The objectives of all political parties in Burma are to win elections and advance some kind of political reform agenda. However, *in terms of promoting viable liberalization, parties have a far less impressive track record than does Burma’s media or civil society.* Since the parliamentary era in the 1950s, political parties have functioned more as entourage organizations in which powerful leaders manage them in very hierarchical, top-down fashions. Unlike in some of the more progressive media outlets or domestic civil society organizations, younger or less educated party members have generally been disinclined to express their opinions and speak freely. Among pro-democracy parties, these paternalistic organizational pathologies are equally dominant. There is a tendency to enforce a kind of democratic centralism, in which party central committees debate decisions in private and then announce and enforce unanimity. Few parties have undertaken measures to flatten out their organizations, to institutionalize “listening” to members and potential members, or to seek help to build capacity in these respects. Occasionally, opposition parties have recognized their internal weaknesses and have formed strategic alliances with counterparts (such as the Nationalities Brotherhood Forum, consisting of five ethnic parties that won parliamentary seats in 2010) or the 10-Party Coalition (including the Democratic Party (Myanmar), the National Democratic Force, the Union Democracy Party, the Democracy and Peace Party, the Unity and Peace Party, and the All Mon Region Democracy Party.)

³⁰ There is a tendency to overstate the democratizing power of the internet and social media, especially vis-à-vis Burma. For example, Manuel Castells was particularly taken by the real-time media coverage of the so-called “Saffron Revolution” in 2007, during which the Burmese people made use of YouTube, Facebook and other internet tools to transmit live videos, photos, and text messages as the protests unfolded. He concluded, “By the time the dictatorship closed down all Internet providers, cut off mobile phone operators, and confiscated video-recording devices found on the streets, the brutality of the Burmese regime had been globally exposed.” (From his “The New Public Sphere: Global Civil Society, Communication Networks, and Global Governance,” *The Annals of the American Academy of Political and Social Science* (2008): 78-93, 86.) What this rosy view missed was that the film clips and photos were equally appreciated by Burmese military intelligence. Two weeks after the crackdown, I discovered a picture-book prepared for the light infantry soldiers deployed in Rangoon during the protests. It contained the very same photos, cut and pasted on to glossy paper, with the “Ghostbusters”-style symbol indicating “bogus” monks to be arrested or eliminated. It was a guide for soldiers to track down perceived opponents of the regime.

The objectives of National League for Democracy have shifted in the last four months. It has abandoned its insistence on the implementation of its 1990 election victory and now is focused on building a party that can compete in the 2012 by-elections. Its interest in switching course is not altogether clear, given that only 48 seats are available. However, in all likelihood, the NLD, as is the case with most other political actors in Burma, views the 2012 contest as a chance to gain a foothold, but has its eyes on the 2015 election.

The NLD is characterized by some of the same internal weaknesses common to other political parties, but because of its 1990 electoral victory and the global support for its leader, Aung San Suu Kyi, there may be less internal willingness or capacity to undertake progressive intra-party reform. There is a considerable distortion between the NLD's image and its capacity. Suu Kyi is the widely – almost zealously – respected image of the party, but because of years of repression and internal splits, the NLD retains only a weak party apparatus. One unfortunate legacy of the two decades of the political impasse with the military government is that some of its top leaders practiced a politics of denunciation in which they singled out not just military officials for public criticism, but also worked to undermine the reputations and status of the political parties, intellectuals, civil society groups, exile politicians, ceasefire groups and others whose strategies involved were to work within the existing system to bring about change. The latter individuals and groups may still be willing to partner strategically with Suu Kyi and the NLD in opening up the government over the long haul, but old wounds may take time to heal. Among NLD leaders, there has been little apparent recognition that fostering of a plurality of democratic oppositions – rather than a single, unified party in the NLD – might be an effective way to promote reform. Moreover, because Suu Kyi is so influential, her every word on every issue is reported; hence, she and other senior colleagues frequently come across as paternalistic or generally unsympathetic to other pro-reform forces inside the country, especially among ethnic nationalities. As a result, the NLD has alienated potential domestic allies. Finally, Suu Kyi's office is inundated with visits from high-level dignitaries, diplomats, and other powerful figures, thus limiting how much time she and her support staff can devote to building a political party.

Ethnic political parties, many of which sought out and received capacity building and training from Myanmar Egress and other organizations, have functioned and fared better than the ethnic Burman-dominated opposition parties. Seventeen of the 22 parties that won seats in the 2010 elections were ethnic parties. Their objectives have been to gain seats in both houses of the national parliament, as well as seats in state/regional legislatures and cabinet portfolios at the state/regional levels. Against expectations, they have been more successful at the national level, probably because it remains very unclear exactly how state/regional governments are going to operate under the new constitution.

All political parties in Burma but the USDP face severe legal constraints. The political parties and elections laws require a nearly unattainable level of fiscal accountability, make most kinds of fundraising of marginal legality and ban the use of funds from foreign donors.

Religious organizations. Faith-based organizations have been lifelines for Burma's poorer populations, but also at times safe havens from political repression and centers for meaningful debate. Since at least the arrival of British colonialism in 19th century Burma, Buddhist monasteries and Christian church organizations have provided social protection from growing landlessness, indebtedness and desperation. Despite an 89-percent Buddhist population, the Buddhist *sangha* has no central chain-of-command and is divided into at least 9 different orders. *Historically, the sangha has tended to be a conservative institution, with its interests often served by support from military, government, and business elites.* However, under junta rule, Buddhist monks occasionally challenged military leaders, but on a more regular basis stood up to

arbitrary power abuses by civilian and military authorities at the local level. Among the most popular for their politics and spiritual followings are Ashin Nyanissara, also known as the Thirigu Sayadaw, from Sagaing; U Thu Mingalar from Hmawbi; Phaung Daw Oo Sayadaw from Mandalay; and U Gambira, who led the 2007 monks' protests and was only just released from prison.

Over the last 20 years, the accelerating poverty has been particularly troubling to some monks, whose monasteries have long provided the major social safety net, offering shelter to the homeless and education to children whose families cannot afford government school fees. But the monks in turn depend on local communities for rice, curry, and other provisions via daily alms-giving and other ceremonial donations. They became acutely aware of the growing economic crisis: monasteries across the country were overrun with orphans, invalids and the desperately poor needing shelter, care, and food. But monks have sometimes had to refuse those trying to take robes or shelter with them—there simply has not been enough food to go around. In 2007, after the SPDC undertook a disastrous economic policy to cut fuel subsidies, monks led a week of protests in many major Burman-dominated cities. Their objectives were to highlight suffering, although their ranks were overrun by political activists who turned the protests into what the military perceived as a threat to the nation. The subsequent crackdown led to a gutting of the more politically oriented monasteries in urban areas.

Among ethnic minorities, such as the Kachins, Karens, and Chins, Christian churches have provided faith-based social services and protection as well. Despite annual reports by international Christian activists groups of government repression of Christianity in Burma, they have probably thrived (although data would be too sensitive to collect), especially in areas where decades of conflict came to an end. Burma's Baptists have been especially successful at weaving together networks of self-help and aid missions. In some instances, local Baptist conventions and Catholic groups have been able to deliver humanitarian relief to victims living in zones of ongoing conflict. Their political objectives are usually aligned with those of the ethnic nationalities that dominate their particular churches and are typically focused on advocacy among local officials rather than on a national level. The Baptists also run the only major de facto private university (the liberal arts-style Myanmar Institute of Theology) in the country. Hindu and Muslim associations, which have generally taken a lower profile than their Christian counterparts, operate in a similar though more under-the-radar way to deliver community aid and whatever degree of protection they can.

Private sector. Businesses in Burma have generally suffered setback after setback in the economy as a result of macroeconomic mismanagement by the government. The economy is the most backward in Southeast Asia, dependent almost entirely on primary sector output and exports. In 2007, for example, nearly 60 percent of Burmese exports were three items – gas, timber, and precious stones.³¹ A record 30 percent appreciation in the kyat last year devastated most businesses seeking to export any goods. For a handful of cronies and their associates among generals' families, enormous profits were made from natural resource concessions and exports. However, most businesses in the country are small and medium enterprises, employing fewer than 100, and face massive obstacles to sustainable growth. They account for 99 percent of private sector manufacturing businesses and more than three-quarters of industrial employment in the designated industrial zones.³² With its high poverty incidence (the country is ranked 132 out of 169 countries on the 2010 UNDP Human Development Index), there is little opportunity to

³¹ Central Statistical Office, *Statistical Yearbook* (Yangon: Union of Myanmar Government), 2008.

³² Aung Kyaw, *Financing Small and Medium Enterprises in Myanmar*, IDE-JETRO Discussion Paper No. 148, 2008, 17.

create the kind of internal domestic consumer markets that much of the private sector will need to survive.

As a result of these difficult conditions, private businesses have organized associations to promote broad private sector objectives, such as more SME-friendly economic policy, financial and banking sector reforms, currency revaluation, legal sector reforms, and an overhaul of the suffocating and rent-seeking regulatory apparatuses. The Union of Myanmar Federated Chambers of Commerce and Industry has grown in membership and influence over the last ten years.³³ It has articulated a structure with state/regional level chambers of commerce and industries, nine border trade associations, and 19 other associations. Other sectorally-focused organizations – in agro-forestry and fisheries, for example – have similarly grown in recent years. All these private sector groups have been taking on ever-growing advocacy roles in the post-junta environment.

Although the primary interest of these groups is in economic reforms, many of them have used their influence to promote humanitarian assistance (e.g., Myanmar Business Coalition in HIV/AIDS) or political and explicitly democratic reforms (e.g., the close working relationship between UMFCCI and Myanmar Egress).

Armed ethnic groups. Burma has been home to violent civil war since independence in 1948. The remaining conflicts, mainly aligned along ethnic minority identities, are the most important political issue facing all major stakeholders today. Although Thein Sein's recent "new" peace initiative has led to ceasefire deals with some of the previously least conciliatory armed ethnic groups over the last two months, *the re-emergence of violence between the tatmadaw with the Kachin Independence Organization's army since June holds the potential to derail all liberalization, political reform*, and the rapprochement between the Burmese government and the United States and the European Union.

KIO objectives appear to involve constitutional re-engineering to establish a truly federal state in which the Kachins and other ethnic nationalities have significantly more autonomy over their local economic, political, and social affairs than afforded in the 2008 constitution. The KIO put these points forward at the National Convention, but were ignored. Yet throughout the SPDC period, the then-relatively moderate leadership of the KIO continued to seek a negotiated solution to realize Kachin aspirations. Their inability to achieve any meaningful political concessions from the government led to the marginalization by mid-2011 of these moderate leaders within the KIO. Grievances and rage have grown deep roots, especially among younger Kachins, who are angry about the expansion of both Chinese commercial interests and the Burman military in Kachin state, at the expense (in their view) of the improvements in quality of life expected after the 1994 ceasefire. Their resentment also results from the way in which the SPDC effectively disenfranchised much of the electorate in areas near KIO during the 2010 election. *Tatmadaw* abuses since the resumption of warfare in June 2011 have deepened the tensions in northern Shan state and Kachin state.

The problem with the KIO may be replicated among other groups that at this point have received only ceasefires – military truces – with the *tatmadaw*, but as yet have received no real political concessions. KIO capacity to bring about constitutional reform is nil at this point, given that it has no representation in government, no legal political party, and no trusted intermediaries with any clout in Naypyidaw. For its part, the post-junta, constitutional government has not demonstrated much understanding of the deep historical grievances underlying the Kachin conflict or of how

³³ Larkin reports its 2007 membership reached 16,363, including 10,854 Burma companies, 1,656 enterprises, 770 foreign companies, 185 cooperatives, and 2,898 individual members.

the last failed ceasefire gave rise to a generation of KIA and KIO leaders less willing to settle for less than generous government offers. Moreover, both the president and the military may have underestimated the KIO's enormous capacity to inflict harm.

Recently released political prisoners. One final group of non-governmental political actors whose objectives, interests and capacities should be monitored are the recently-released political prisoners. Some of them, including Zarganar, Min Ko Naing and U Gambira, enjoy enormous popularity among the electorate, but also have gained the respect of reform-oriented members of the post-junta government. It is too soon to know what their political objectives, interests, and capacity will be, but many of them will likely end up in non-governmental and probably non-party roles advocating for democratic reform.

4. LOOKING AHEAD: MAJOR POLICY ISSUES, UPCOMING EVENTS AND OTHER DEVELOPMENTS

This section identifies the key policy issues, events and developments within Burma over the next few years that will influence the pace and direction of political change as well as serve as indicators of progress.

The most important issue: peace

The armed conflicts with ethnic nationality groups will not be solved by ad hoc military truces (like those just concluded with the Karen National Union and the Shan State Army-South), by piecemeal liberalization under the 2008 constitution, nor by the election of popular pro-democracy political parties such as the NLD. Kachin State is where the most immediate danger to national political reform processes lie. The KIO position appears to be that constitutional change toward federalism is required for ceasefires to be transformed into durable peace deals. The constitution can only be amended via a complex (Chapter 12 of the constitution) process in which Burman parliamentarians – both in the army and in “civilian” seats – would have to support the change. “Federalism” has long been equated with secession, and as such the Burman electorate will not be remotely sympathetic. Even setting aside the military's MPs, few parliamentarians will want to stand before their Burman constituents as they look toward the 2015 election and tell them that they plan to amend the constitution to provide autonomy to minority ethnic nationalities. This isn't just a problem that results from USDP dominance of the parliaments: *when the NLD gets into the hluttaws, its MPs are not likely to be any more willing to do anything that meets nationalities' aspirations.*

Recent ceasefire deals with the Shan and Karen armed groups have provided territorial concessions, promises for “development” and industrial or special economic zones, and vague pledges of Union-level political negotiations. While the KIO leaders may seem out of step with the reconciliation trend among other ethnic nationalities, unless Naypyidaw undergoes some significant change of mindset, the recent ceasefire deals will eventually founder as well over the question of what political concessions have to be made to ensure long-term peace. Pres. Thein Sein appeared indecisive early in the resurgent Kachin war and ineffective over the last month in his issuance of unilateral ceasefire orders that were ignored or unenforceable by combat units.

There is growing concern among non-governmental political reformers as well as western diplomats that if the Kachin situation continues to spin out of control, the armed forces may force the president's hand to declare an emergency. If the KIO situation becomes the pretext for a

constitutionally-legal or unconstitutional reassertion of direct military rule, the historical and ongoing absence of Burman sympathy for Kachin aspirations may turn to a harsher position that views the KIO as the spoiler in some kind of Burmese end-of-apartheid, fall-of-the-Berlin-wall moment.

In the immediate term, two dates loom: February 2 is Kachin Revolution Day, and it would be symbolically important for the president's Peace Committee to have come up with some viable concessions that KIO leaders can take back to their followers. To be effective, these concessions would probably have to include a real ceasefire, a return of the *tatmadaw* to its barracks, and immediate registration of a truly Kachin (not USDP-proxy) political party. Failing that, the Peace Committee has set April 1 (election day) as a deadline for arriving at a ceasefire.

Short term issues, indicators of progress

The next parliamentary session opens on January 26. This is the session in which discernible liberal reforms will either move forward or stall. For the first time ever, there will be a parliamentary review of the government budget, including that of the military. Additionally, legally the natural gas revenues that have long been either hidden or misrepresented are required to be reviewed as well in the budget session. This process will show just how far the president and Shwe Mann are willing to go to make the new government as transparent as the 2008 constitution allows. Another very important issue in this session will be the proposed Farmland Law and the Vacant, Fallow and Virgin Lands Management Bill, which stalled in the last session. As currently written, these bills effectively would legalize and encourage land grabs, which will have an enormously deleterious effect on smallholder farmers and upland communities throughout the entire country. Until this week, there was also much hope that this session would see passage of legislation to end media censorship, but Pres. Thein Sein hedged on this issue in his Washington Post interview (January 21, 2012).

In the coming months, important indicators of progress will include issues that the president and the more liberal elected officials have identified as priorities, though have stalled out for unknown reasons. These include currency reform, de-regulation of the private sector, bank reform, a process for political exiles to return safely, and continued review of corrupt sweetheart deals made during the junta era.

Longer term issues, indicators of progress and democratization

Assuming some forward progress on political and economic reforms, serious questions should be asked that will reflect upon the longer term potential for sustainable political, economic and cultural improvements in the quality of Burmese lives:

- Will President Thein Sein, Aung San Suu Kyi, Min Aung Hlaing or any Burman with any degree of political power understand the need to commit to federalism? Can and will they follow through with constitutional change?
- Will this government or future iterations of it commit to ending corruption in the civil service and electoral process? In the military?
- Will the government revamp the financially and morally bankrupt education system? It requires a kindergarten-to-postgraduate reorganization.
- Will the Minister of Industry carry through with the privatization of SEEs?
- Will Burma end up with a progressive NGO law or a repressive one (more along the lines of such laws in Cambodia and Malaysia)?
- Will Burma undertake top-to-bottom reform of its judiciary?

5. INTERESTS AND POSITIONS OF KEY REGIONAL ACTORS

The positions of the two major regional actors, like the positions of domestic political actors, are in far greater flux than had been anticipated. What had long been thought to be China's unparalleled influence came into question repeatedly in 2011, as Thein Sein not only canceled a \$3 billion hydroelectric investment by a Chinese company, but also reestablished normal diplomatic relations with the United States. *The rules of the strategic game have changed entirely, and while some of Burma's neighbors – especially India, but also ASEAN member states – are nimbly responding to this shift to advance their own national interests, China appears to have been caught unawares.* This section focuses on the dramatic change in the strategic position of China, the pro-India results and ASEAN's role, all set against the context of possible liberal political reform inside Burma.

China. China has significant and expansive interests in Burma, including – probably in order of Beijing's priorities – the stability of its border (the longest land border China has in Southeast Asia), commercial development, energy security, access to the Indian Ocean and competition from regional and more distant military and business competitors.³⁴ China has no interest whatsoever in supporting a democratic political transition in Burma and undoubtedly is disturbed by both of the major rapprochements that took place in 2011. Neither the Thein Sein-Suu Kyi nor the US-Burma reconciliation promotes China's interests. In fact, on the very day that Secretary Clinton visited Naypyidaw in 2011, Gen. Min Aung Hlaing met with Xu Caihou, vice chair of China's Central Military Commission to “strengthen ties.”³⁵

China's strategic and economic influence seemed secure from after 1988, when it signed the first border trade agreement. In the wake of the *tatmadaw's* crackdown on pro-democracy protests that year and the subsequent establishment of the military junta, China became Burma's most important strategic ally and foreign trade partner. Among other initiatives, China in the 1990s provided more than \$1 billion of military equipment, helped the *tatmadaw* modernize its outdated armaments and signals intelligence systems, and upgraded naval facilities in the Indian Ocean. Moreover, when Burma's human rights violations and political repression came under scrutiny in the UN General Assembly and later at the Security Council, the junta relied upon China's commitment to non-interference. China's Security Council veto seemed its ultimate political card to play.

In the 1990s, when the junta tried to open up the post-Socialist economy to foreign investment, western economic sanctions and India's pro-Suu Kyi position limited the range of potential investors, and China's commercial importance grew immensely in Burma. By 2010/11, China and Hong Kong accounted for \$14 billion of Burma's \$20 billion in overall FDI.³⁶ In addition to massive resource extraction, industrial agriculture, and other trade-related investments, China has embarked on huge energy-related, infrastructure projects, including its successful bid on the enormous Shwe natural gas fields and the construction by the China National Petroleum Company of two major oil and gas pipelines from the deep-water port of Kyaukphyu (Sittwe) to Kunming.³⁷ China has also undertaken an unknown number of hydroelectric power generating projects, also aimed at securing cheap energy for its growing demands.

³⁴ Drawn mostly from International Crisis Group, *China's Myanmar Strategy: Elections, Ethnic Politics and Economics*. Beijing, 2010.

³⁵ Reported in Xinhua, “PLA Senior Officer Meets Myanmar's Commander of Armed Forces,” 29 November 2011.

³⁶ “China Now No. 1 Investor in Myanmar,” *Mizzima News*, 18 January 2012.

³⁷ The oil pipeline will make it easier, faster and cheaper to transport crude from the Middle East and Africa to China and by bypassing the Straits of Malacca, reduce any potential of interruption of oil delivery because of piracy or terrorism.

But China's relationship with the Burmese junta and the post-junta government has never been entirely smooth and straightforward. China had relied upon a close relationship with former Gen. Khin Nyunt, who lost power in October 2004, and after that, there were regular signs of misunderstanding between the two governments. The ultra-nationalist *tatmadaw* and its leaders, including those who retired and joined the post-junta government and USDP, had long resented Chinese influence. Tensions have flared periodically over the *tatmadaw*'s conflicts with ethnic Chinese minority groups in Burma. This was especially apparent in 2009, when Burmese troops moved against the Kokang ceasefire group in northern Shan state. They forced more than 30,000 refugees -- both Chinese nationals and Burma-based Kokang -- across the border into China. The recent conflict between the KIO and the *tatmadaw* has resulted in refugees fleeing army offensives against KIO units in northern Shan state, not coincidentally in areas along the CNPC pipelines.

Tensions grew when in April 2010, three bombs went off at the China Power Investment Corporation hydroelectric project at the Irrawaddy confluence, called the "Myitsone," and four Chinese workers were killed. Finally, on September 30, 2010, perhaps at least in part to popular mobilization against that Myitsone dam, Thein Sein announced he had suspended the \$3.6 billion project. Beijing appeared to have been caught off guard, and researchers familiar with foreign policy circles in Beijing report that the government believes that the US forced the decision on Thein Sein. Thus far, there seems to be little comprehension in Beijing that the post-junta, constitutional government is operating under different rules, incentives and personalities than did the SPDC. China seems unable to grasp that the events of the last year are largely the result of changes among domestic forces.

China may be the country's major investor and arms supplier and may have felt secure in its status as great power "patron," but Burma's leaders have never behaved in a way that suggests they view their own nation as some kind of "client" bound to submission.³⁸ Indeed, Burma's military doctrine still identifies China as the most imminent threat to the nation and whatever overtures the PLA is making to Min Aung Hlaing are likely to be viewed with skepticism. Undoubtedly, Thein Sein's signals to President Obama of willingness to discuss concessions throughout early 2011 resulted in part from the desire to reduce strategic, economic and political dependence on China.

India. Since late in the SPDC period and throughout 2011, Burmese leaders played political leaders, investors, traders, and military envoys from India and China off against each other. In July 2010, Than Shwe undertook a state visit to New Delhi to expand bilateral ties. That he did so just before his state visit to China was viewed by some Chinese officials as a less than subtle snub. In October 2011, Thein Sein followed up with a state visit to India, less than two weeks after announcing the Myitsone decision. He brought with him nine cabinet ministers, representing all the major economic and infrastructure-related ministries. In January 2012, Indian army chief V.K. Singh made an official visit to Rangoon and Naypyidaw, where he offered training and other kinds of military-to-military assistance to Thein Sein and Gen. Min Aung Hlaing. They also continued to discuss collaboration to end India's northeastern insurgencies along the Burma border.

India's commercial presence has grown as well, though to a far less significant degree than that of China. India's interests are similarly focused on energy security. In 2010, state-owned energy

³⁸ Although Hélène Le Bail and Abel Tournier characterized "China as the main patron of the military regime" in 2010, they also noted the uneasiness in the Sino-Myanmar relationship: "The ability of Myanmar's Generals to multiply partners, play them against each other and, as a last resort, give in to isolationist tendencies is frequently overlooked." *From Kunming to Mandalay: The New Burma Road; Developments along the Sino-Myanmar Border since 1988* (Paris: Centre Asie Ifri, 2010), p. 5.

companies in India announced a \$1.3 billion investment in gas-field development and pipeline projects inside Burma, following up on the National Hydropower Company's earlier investment of \$5.6 billion. Overall, Indian trade with Burma has grown from \$424 million in 2004/05 to \$1.2 billion in 2009/10.

Both of the big-ticket political rapprochements in 2011 will politically benefit India's leaders, probably regardless of which political party they hail from in the future. Since India abandoned its pro-Suu Kyi position in 1991 and undertook its "Look East" policy, successive Indian governments have been hammered by human rights groups. Hence the entry of Aung San Suu Kyi into the post-junta, constitutional parliament will no doubt encourage greater engagement by India in Burma. Already, India has reached out to those identified as reformists in the new government. In December 2011, India sponsored a delegation led by Lower House Speaker Thura Shwe Mann to study parliamentary procedures in India. Besides an overture from the Russian *duma*, it is the only such invitation received by Burmese parliamentarians.

ASEAN. If history demonstrates 2011 to be a meaningful turning point in a process that ultimately achieves some degree of democratic reform, ASEAN will argue for having facilitated that shift. ASEAN. Specifically the 2011 chair, Indonesia, may have played an important role in incentivizing or – more likely – rewarding the elite-level reforms by carrying out a consultative process that ultimately granted Thein Sein and his government the ASEAN chairmanship for 2014. Given that the SPDC had been in line for the chair in 2006 but was forced out, this was no small victory for the post-junta, constitutional government.

Both rapprochements (especially the thaw between the United States and Burma) as well as the transition to constitutional governance have at least been rhetorically embraced by all of ASEAN's member states, although some members (e.g., the Philippines) remain skeptical of the direction of changes, while other member-states have powerful constituencies (e.g., Thailand) who may suffer economic losses as a result of liberalization or at least increased accountability of government officials in Naypyidaw. Despite widely varying domestic political pressures, ASEAN's member states' interests converge around the need to secure the political and economic stability of the region. Its member states bring a number of different national and subnational interests to the table vis-à-vis Burma, but as a multilateral organization, ASEAN's interest lies in the facilitation of cooperation, investment, and the creation of a free trade area by 2015. Moreover, ASEAN has been intent on checking the growing strategic and economic influence in Southeast Asia of the two Asian giants – India and especially China. Burma stands at the strategic and commercial crossroads of the two major powers, but also their gateway to much of Southeast Asia.

That said, the attention to and interest of ASEAN's member states in the progress of political reforms will not converge in the future. Countries such as Vietnam and Laos will not look to push Burma toward democratic consolidation. Thailand, Indonesia, Malaysia and the Philippines may be more willing, but no country in Southeast Asia can hold itself up as a beacon of free, liberal governance, given their own corrupted electoral processes, repressive and unaccountable security apparatuses, and weak performances in the realm of human rights.

Thailand is an especially complicated player regarding the 2011 changes. Although most Thai ruling parties have cultivated close ties with Burma's ruling generals both in the junta era and since 2011, Thailand is home to countervailing interests when it comes to reform in Burma. Thailand, like China, would prefer to see stability along its border; in all likelihood the Thai government provided intelligence and some degree of protection to the president's Peace Committee in late 2011 when it undertook ceasefire negotiations with the remaining five

insurgent groups who are located along Thailand's border. The cessation of hostilities there is certainly in Thai national interest. But it may not be in the interest of important groups, including border police, army units and provincial officials who have profited immensely the protection rackets associated with conflict and illegal border trade.

Additionally, Thailand has had extensive and often quite shady commercial interests in Burma since the early 1990s. Thai elites, including active-duty and retired military officers, made sizeable profits extracting and exporting Burma's natural resources. More recently, like their Chinese counterparts, Thai companies are undertaking relatively larger-scale infrastructural investments, including a capital-intensive port development project in Dawei. Most of those concessions came out of sweetheart deals with cronies or family members of junta leaders and are now at risk as the post-junta, constitutional government has started reviewing them. Thein Sein has cancelled one coal-fired power plant associated with a major Thai investment, and more such cancellations are possible.

Politically, however, Thai politicians have generally embraced the rhetoric of democratization. On her visit in December 2011, recently elected Prime Minister Yingluck Shinawatra lauded both the government and Aung San Suu Kyi for progress on political reform. However, given the vested interests of powerful Thai elites, it is unlikely that any prime minister will use her or his position from Bangkok to promote greater liberalization inside Burma's political process.

6. PROSPECTS FOR MEANINGFUL POLITICAL LIBERALIZATION

The problems facing political leaders, democratic oppositions, community leaders, activists and the long-suffering citizenry in Burma represent staggeringly difficult challenges, ranging from escalating poverty and indebtedness, massively distorted macro and microeconomic policies and practices, the ill-effects of two decades of crony capitalism, precipitous resource depletion, increases in the frequency of and damages wrought by natural disasters, a badly gutted education system, and a nearly non-existent social services sector.

Much of what by Burmese standards looks like "liberal reform" to date exists only on paper, in the form of presidential orders, new legislation or promises arrived at formally or informally. Issuance of new rules is not the same thing as implementation or enforcement. The historically weak, underpaid, overworked and in some cases downright predatory civilian bureaucracy of Burma's government has limited technical capacity and even fewer personal incentives to turn those laws into efficient, rational, liberal policies, regulations, and services.

Other limits result from the decades of political repression. Among political actors inside and outside the government who would favor greater liberalization in the future, there is much discussion about what the limits of the possible are. Many activists are cognizant that as yet no clearly defined boundary separates progressive, healthy critique in politics from a kind of protest or challenge that the military might interpret as nation-threatening enough to invoke emergency rule. Among pro-democratic forces in the government and in other sectors, the question comes down to whether the current president's apparent reformist platform is as much as it is possible to hope for without a military correction, or whether it is possible to push the reform agenda farther. ***Popular unrest may result if the expectations generated by the reforms passed are not met with much success in implementation. And unrest, even peaceful or within the confines of what the new protest law (passed November 2011) allows, threatens to force the issue on where the military and government draw the line between politics and national security.***

Perhaps more significantly, *the mapping of a non-threatening, somewhat liberalized political realm will likely be limited to the physical territory under “government control.” In other words, “politics” of the reformist Thein Sein variety may be tolerated in the Burman-dominated regions of central Burma, but probably will not be allowed in some of the geographical regions associated with ceasefire groups.* In those regions, “national security” will likely trump any concerns of post-junta constitutionalism of any sort. Border areas are particularly sensitive given that in its waning days before the transition, the SPDC ordered ceasefire groups, many of which maintained soldiers under arms, to transform their military wings into “border guard forces.” Although the initial BGF order was quite specific in its requirements,³⁹ the larger ceasefire groups balked and subsequent negotiations only increased levels of distrust and enmity between Naypyidaw and the military, on the one hand, and the ceasefire group leaders and their followers, on the other. Fighting returned to several border regions, the most serious of which started in June 2011 between the Kachin Independence Organization and the *tatmadaw* in northern Burma. Dozens and probably hundreds have died on both sides of the conflict since June 2011, only increasing the stake of the leaders of the military institution in asserting greater authority in the region.

Despite a remarkably sympathetic nod to ethnic minority concerns in his inaugural address,⁴⁰ Thein Sein’s initial forays into resolving tensions with ceasefire groups, including the KIO, have been rather equivocal, perhaps in part a result of the presidency having no obvious constitutional body or legal process to undertake peace negotiations. In August 2011, the president announced a new process in August wherein he ordered armed ethnic groups to establish contact with state-level authorities to discuss peace; those discussions would be later taken up by a new Union-level “Peace-Making Committee.” Initially, he sent multiple and quite an ideologically varying range of intermediaries to meet with different groups, resulting in a couple of new ceasefire arrangements (Wa and Mongla), but in others, only greater distrust as ethnic leaders were bewildered by the array of claimants to speak on behalf of the president. Moreover, armed ethnic group leaders point anxiously to a constitutional provision that looms large in this case: Chapter 7, Article 338 states that “all the armed forces in the Union shall be under the command of the Defence Services.” The ceasefires signed over November 2011-January 2012 appear not to have settled the issue of holding arms, which means that the Union level government will have to deal with the legacy of the BGF disaster again.

The ongoing wars in northern Burma, along with the non-resolution of the BGF issue, could create the conditions in which the thus far unobtrusive CinC and other senior military leaders will bring the institution back into politics, at least in territory where armed ethnic groups reside. The president has undertaken two recent initiatives at peace talks. One was with Thailand-based armed, anti-state ethnic groups starting on November 22 and involved Aung Min, the Railways Minister (said to be the president’s mediator), in negotiations with five ethnic armed groups. It has resulted thus far in four ceasefire deals. The second initiative is ongoing in late January with KIO leaders in China, where the president was represented by USDP leaders Aung Thaung and Thein Zaw, who had been involved earlier in 2011 in negotiations with the Wa and Mongla groups, as well as Aung Min. Given the history of grievances, it seems unlikely that true peace agreements⁴¹ will result anytime soon in these negotiations, which suggests that the military-as-institution will continue to play a significant political role in border regions.

³⁹ See International Crisis Group, *Myanmar: Towards the Elections*, Crisis Group Asia Report No. 174, 20 August 2009, pp.14-15.

⁴⁰ In his inaugural speech, Thein Sein spoke of the “the hell of untold miseries” to which decades of “dogmatism, sectarian strife and racism” had given rise in conflicts between the Union and ethnic nationality armed groups.

⁴¹ Tom Kramer, *Neither War Nor Peace: The Future of the Cease-fire Agreements in Burma*, Transnational Institute, July 2009.

Most certainly, however, the durability and progress of what appear to be a series of progressive reforms at the national level will depend upon on how military leaders of both the government's army and its armed challengers manage the detritus of failed military truces and unimaginative – on all sides – peacebuilding.

Author's note: The broad interpretations I offer herein of Burmese political events over the last year form the basis for other academic manuscripts in process. However, the point-by-point analysis of the objectives, interests and capacities of the drivers of change in this process is written explicitly for MSI in this contract.

ANNEX I: MYANMAR: COMMENTS FROM THE PERIPHERY

David I. Steinberg, Georgetown University

Introduction

This short paper is intended to address some specific aspects of Professor Mary Callahan's paper and offer extended comments on some issues that she has treated peripherally. Dr. Callahan is one of the most astute observers of the Burmese scene, and her comments should carry considerable weight in policy circles. I will comment on a number of general issues that go beyond Dr. Callahan's paper in the hope my comments will be helpful in putting some of her excellent observations in a broader context.

If and when the United States government restarts even a modest development assistance program in Myanmar, with non-governmental and/or government entities, the history of relations between the U.S. and other countries with the Burmese government should be kept in mind, as this history will color attitudes toward such assistance. As Mark Twain is supposed to have said, history may not repeat itself, but it often rhymes.

This paper is organized into four sections:

1. Observations on core Burmese values:
 - Power and authority
 - Legitimacy
 - State sovereignty
2. Observations on some key actors and dynamics:
 - The role of the military (*Tatmadaw*)
 - Social mobility
 - The minority question
 - Political pluralism and the role of civil society
 - Rule of law
 - Think tanks and their potential
3. Burmese views of the outside world
 - Suspicions of foreigners and foreign states
 - The position of the United States in Burmese perceptions
 - The role of the Chinese
 - Chinese perceptions of the U.S. role in Myanmar
4. Concluding comments

I. Core Burmese values

Power and authority. As in many traditional societies, power and authority in Myanmar are generally considered to be finite and personalized, while in the idealized modern world they

would be thought of as infinite and institutionalized. The author recognizes this broad generalization as intellectually dangerous and that no society exists at either end of the spectrum. Yet it has important implications for Burman society and those wishing to engage with it. Anecdotally, many Burmese have commented on the general accuracy of this observation, for which, of course, there is no confirming data.

The personalization of power leads to weaker institutions, but also to patron-client and entourage systems of hierarchical relationships. Loyalty is essentially to the leader, and not to the institution (even though there are obvious limitations to this statement). The personalization of loyalties results in the need for wholesale purges – elimination of access to power, not necessarily of a Stalinistic nature – because if the head of an institution is out of favor, it is assumed his subordinates are loyal to that person, and must also be removed. This was vividly illustrated in the purges of military intelligence in 1983 and 2004.

This personal loyalty to and almost unquestioning support of leaders has been demonstrated by the roles of General Ne Win and General Than Shwe, but also by the members of the NLD under Aung San Suu Kyi. Although disagreements may and no doubt do exist, they have been subordinated to a kind of centralism. Members of the Executive Committee of the NLD publicly said that if Aung San Suu Kyi advocated some position, they would automatically go along with it (e.g., non-registration for the 2010 elections).

The influence of these entourage associations extends to the need for controls and the rewards (prestige, limited power, status, extra-curricular funding) up and down the entourage hierarchy to make the system work effectively.⁴² This also encourages non-entourage controls (censorship, on private sector activity, on advocacy among civil society groups). This certainly has been true up to the present, and may be gradually modified under the new government, although in other societies that underwent such transformations (e.g., South Korea, Taiwan), the process has been slow and uneven.

Legitimacy. Foreign observers of Myanmar typically do not make the distinction between what may be considered a legitimate government by external observers and what might be considered appropriate by local residents. Research has demonstrated that within Myanmar the legitimacy of government is determined by good local officials, who are more important to local residents than poor ones in the capital. Conversely, bad local authorities negate the effects of a sound and reasonable government at the center. Thus, legitimacy is largely decentralized.

The contemporary norms by which legitimacy is perceived in Myanmar are complex, for traditional values and virtues are declining in rural areas, while modern, internationalized norms are only slowly reaching urban elites and beyond. Thailand has witnessed the transformation of norms related to the efficacy of the central government and its delivery, or non-delivery, of goods and services. The old adage of the state being one of the five evils, and that one's past incarnations were responsible for one's present poverty or misfortune has changed in Thailand. The legitimacy of the administration there is now tied to more modern conceptions of the role of the state in ensuring the well-being of the population. To be sure, King Ashoka tried to assist people, and there are Buddhist concepts of the role of the just ruler. But the immediacy of the issues has intensified under modern communications, and Myanmar must be prepared to deal with this eventual development.

⁴² The ultimate entourage system was Ne Win's Fourth Burma Rifles, which he commanded and from which many of the top leadership were chosen.

State Sovereignty. The strident cries of Burman officials for the protection of state sovereignty may grate on foreign sensitivities, but it both mirrors sentiments in other states, and has been a central concern to all Burmese governments, civilian and military. Both the Thai and Chinese militaries have called for the protection of state sovereignty in their countries, and in Myanmar this has become a core policy. This is, however, nothing new. The civilian administration after independence, as well as the past military and present government, never have wanted to be in the position of having been seen to give in to foreign control. This ranges from no foreign entity naming Burmese individuals to receive foreign grants or training, or even for asking for foreign assistance. This is rooted in a more general call for dignity, which many Burmans feel has been denied them from colonial times.⁴³

2. Key actors and dynamics

The role of the military (*Tatamadaw*). The military's role in modern Burmese society is significantly different from that of most contemporary Western countries; therefore care must be taken in applying Western notions of civil-military relations to Myanmar. In contrast to the Western, external view of the *Tatmadaw*, their image of themselves is that of the stalwart upholder of the Burmese (read Burman) tradition, the defenders of the state, and the guardians of its integrity and sovereignty against what they call "chaos." They have in the past exhibited a disdain for civilians as corrupt, incompetent, and insufficiently motivated. They have vividly illustrated this concept in the engraving above the main gate of the military academy acclaiming themselves as "The Future Triumphant Elite."

The *Tatmadaw* since 1962 has designed systems that have the expressed purpose of keeping essential power under military control. This military command has been exemplified by both direct administration (rule by decree 1962-1974, 1988-2010) and by indirect control through their chosen "civilianized" mechanisms: the Burma Socialist Programme Party (BSPP, 1974-1988, from which one could never resign), and the new government of 2011, under the control of the government's Union Solidarity and Development Party (USDP).⁴⁴ This domination was first institutionalized through the constitution establishing a military-controlled single party mobilization state in 1974 on an Eastern European model, and then in the constitution of 2008 (brought into effect in 2011) and its provisions. It is effectuated through the dominance of the legislature through direct military participation (25 percent) and indirectly through the government political party, the Union Solidarity and Development Party (USDP).⁴⁵ This military control has been ameliorated to allow a greater degree of space between the government and the people, as long as the core concerns of the military are met to their satisfaction or not threatened—autonomy of the military within the society, national unity, state sovereignty, and the prestige of the armed forces.⁴⁶

The general Western view of the Burmese military as being corrupt, rent-seeking, thugs, and other pejorative descriptions demonizes a group that no doubt contains such elements, and in

⁴³ When the author served as a representative of The Asia Foundation in Burma in 1958-1962, the Foundation could not designate any individuals to receive grants, but informal mechanisms were worked out so that when the government suggested a person to receive assistance, that person was always, without exception, the one the Foundation had wanted to support. When this author led the team to negotiate the re-entry of USAID into Burma in 1979, U.S. regulations called for a state request for assistance, which the Burmese refused, but an exchange of delicately worded notes in which the Burmese did not specifically ask for assistance was deemed by U.S. lawyers to meet the requirements.

⁴⁴ Personal interview with leaders in 1988, who specifically expressed the military intention of retaining perpetual control. This writer believes that since 1962, the military had determined that they would retain power. According to Chinese sources, General Ne Win had indicated to the Chinese in 1961 that a coup was planned.

⁴⁵ A visit to the grandiose and vast USDP headquarters and compound illustrates the intent of the military to ensure dominance through the party (although it did not work with the BSPP). The USDA, from which the USDP emerged, had 24 million members.

good measure. But the military also is composed of individuals who possess altruistic views of their own roles and of the military as an institution amid a society that they fear will fall into “chaos”—the term they have employed to justify their repressive actions. The *Tatmadaw*, controlling a garrison state, acts as the guardian against external enemies and internal ethnic and ideological (former communist) threats. Its nationalistic and patriotic sentiments should not be underestimated, even if they may be misdirected.

Several other aspects of the military’s conception of its role should be mentioned. One is that the size of the intake into the military academy and related institutions seems greater than the absorptive capacity of the *Tatmadaw* as a whole. Since loyalty is such a powerful, pervasive force in society, those trained in the military institutions may find their future lies in civilian institutions, thus both augmenting the capacities of those institutions and ensuring that they adhere to military-dominated precepts. This may be related to an intense disdain for civilian leaders, which they have characterized as corrupt, venal, incompetent, and unpatriotic. Until 2011, and in contrast to the military in South Korea and Indonesia, the military leadership eschewed any dealings with civilians in sharing power or decision-making. This seems to have been modified in 2011 with the singular role of U Myint, a civilian economist of international standing, as chief economic advisor to the president.

Under any civilianized regime the military will continue to play key roles far in excess of their titular functions. Military budgets are not subject to civilian control. The Office of Procurement of the Ministry of Defense runs factories and industries. (In Vietnam, this is stipulated in the constitution as a means to provide employment to veterans and their families.) More importantly, the Myanmar Economic Holdings Corporation (MEHC), incorporated under the Companies Act, and the Myanmar Economic Corporation (MEC), separately incorporated, are wholly owned and operated military-run business ventures much like the Japanese *zaibatsu* or the Korean *chaebol*. They employ hundreds of thousands of people and have extensive joint ventures with foreign firms. Their audits do not account for the use of military facilities, personnel, etc.⁴⁷ and thus they provide continuous streams of dividends to the military units and personnel who have invested in them. They are not included as part of the public sector, and thus are not included in any generalized plan to privatize state industries or corporations. These factors, together with the inherent prestige of key military personnel, under a culture of personalized power, will mean critical roles for the military even under a completely civilian administration.⁴⁸

The singularity of the military, however, should not obscure the possibility that as the military splits into two groups—those remaining on active duty and those who have civilian positions in the administration or the USDP—professional considerations will create tensions. This occurred during the BSPP period. We have witnessed, according to observers, General Thuru Shwe Mann, who many thought would be president but who became speaker of one house of the bicameral legislature, becoming enthusiastic in his new position and perhaps seeking to have it play a greater role than the active duty officers.

The constitution does not delineate the relative roles of the regional military commanders (there are 14 in the country including that of Naypyidaw itself) and of the elected representatives and the provincial legislatures. Previously, regional commanders were virtual war lords who controlled their assigned regions, but the new configuration of the balance of power between the military and the legislatures is unclear.

⁴⁷ Personal interview, MEHC auditor.

⁴⁸ Consider the economic role of the military in Indonesia under Suharto, and even today.

The likelihood of a military coup against the present state leadership seems remote. There are provisions in the constitution for a temporary martial law administration, but because the president is older (late 60s), supposedly not well, and seemingly uninterested in continuing his position beyond the end of his term in 2015, there may instead be a competition among a number of leaders, including the present vice president, the commander-in-chief of the *Tatmadaw*, the speaker, and the head of the USDP, among others.

Social mobility. In the civilian period, the Burman areas of Burma were perhaps the most socially open region in East Asia. Pre-colonial elites did not return, and mobility was pronounced. Social mobility was evident through free and open higher education, the sangha, the professions, the mass organizations, and through the military itself, then a prestigious career. (The private sector was not important at that time as such an avenue.) Mobility for minorities and those of other religions was also evident under civilian administration as long as one observed Burman rules. Since 1962, however, the military has controlled all avenues of social mobility. The result is a continuing role for them that tilts the locus of power even more in the direction of those with the arms.

The mitigation of such a comprehensive role, which would be one of the requisites for more pluralism and eventually democracy, however defined, would be the opening of avenues of status, power, finance, and fame through alternative channels. One long-range objective of most foreign assistance should be to assist the Burmese in evolving some appropriate and balanced role for the Burmese military (*Tatmadaw*) within their own society. This would not necessarily, and most unlikely, mirror such roles in Western societies, as the military has been so influential for so long in Burma/Myanmar, essentially since independence. This change in military domination requires the development of alternative channels of social mobility, now under military domination.

Of especial importance is the private sector, so dependent on access to capital. The bulk of available capital for investment is under military command and goes to entities (domestic and joint ventures with foreign firms) that the *Tatmadaw* wishes to assist. The likely result of this, should there be no changes in this situation, is that the future middle class will be composed both of retired military and even more importantly the Chinese because they have their own avenues for credit and international commerce. This role is not dependent on the People's Republic of China, but is based on clan, linguistic and extended family connections. Thus any long-range assistance program should try to help develop such avenues that offer alternative routes to prestige and power.

Human resource development in all those fields, and the building of strong institutions, including the legal framework for them, should be of continuing concern. Burma became socialist on independence because the economy was viewed to be in foreign hands (British, Indians, and Chinese). This was a strong factor in the anti-Chinese riots of 1967. Should the people feel that the economy once again is slipping into foreign control, ethnic disturbances are a possibility.

The minority issue. The enduring political issue in Myanmar, and one that has never been resolved since independence, is that of the minorities. The civilian administration did not settle the question of a 'fair' (in some Burmese sense) sharing of power and resources among the majority Burmans and the one-third ethnic minorities.⁴⁹ Subsequent military and military-dominated unitary governments made matters worse, resulting in a seeming myriad of revolts by portions of all the major ethnic groups. Eventually under the SLORC/SPDC there were some 17

⁴⁹ The 135 ethnic or racial groups claimed by the government is inaccurate, and based on linguistic and dialect differences from a 1930s study. There are said to be 53 Chin dialects alone. The problem is exacerbated by the Burmese term *lu-myo* (lit., people type), which means ethnicity, race, nationality, etc. (e.g. French *lu-myo*)

official cease fires, which generally stopped the fighting but resolved none of the underlying problems. Lack of trust and suspicion have been exacerbated because of perceived foreign influence in the minority areas. This is an issue to which the US should pay careful attention and act prudently. Professor Callahan rightly calls the central issue “peace.” So it is, and it is a peace with minorities.

Since Myanmar’s borders are both porous and ethnically inconsequential, most minorities have ethnic and linguistic cousins straddling the frontiers. This coupled with the Christian (Chin, Kachin, Karen) and Muslim (Rohingya) influences among some of the minorities has meant that the Burmans have been, and have felt themselves to be, more isolated than other groups. Since some of these groups have, a half century ago, called for independence, the Burmans are suspicious of both their current intentions and those of foreign states. The minorities now have generally called for some form of “federalism,” which was also a plank in the 1989 NLD party platform (along with civilian control of the military). Since at least since 1962, the military has continuously said that federalism was anathema and the first step toward secession; it is no wonder that the primary, continuously articulated military goal is national unity. If that were threatened, or perceived to be so, it is probable that the military in the government would declare martial law and revert to direct military control for some period. The constitution provides for this eventuality.

There has been some progress. After two years of ineffective pressure, and much ill will, the government set aside the poorly planned Border Guard Forces effort that would have emasculated the minority armed forces by integrating them into the Myanmar army. Although the constitution calls for a single *Tatmadaw*, the plan that was rejected by all the major armed ethnic groups would have exposed them to Burman military domination without the development of the requisite trust to make the system work. The cease-fire with the Karen, the longest rebellion in the modern world, was a major accomplishment and one that was a major step forward. The fighting with the Kachin is especially delicate because of the proximity to Chinese-built and planned infrastructure and the problem of refugees into China. Chinese policy is evident: tranquility along the border, no refugees, and opportunities for Chinese businesses. It is the same general policy toward North Korea. The Chinese have been attempting to quiet the region and act as intermediaries with the minorities in their own interests.

While all Burmese constitutions have called for fostering minority languages and cultures, this has been ignored in practice. The insensitivity of all Burman governments has been, in the name of national unity, to deny the minorities the right to educate their children in their native languages and to publish materials in their own languages. This is a highly important issue amongst the minorities, for it strikes at the center of their identity. When the members of some minority groups have been asked what it would take to regard a Burman government as legitimate in minority areas, the answer has been: give us our languages, culture, and traditions.

Some of the minority areas are among the poorest in the state, and cry out for foreign assistance. Thus, there is no question of need, but there is a question of what foreigners can do in those regions, given that suspicions abound.

Political pluralism and the role of civil society. An essential component of the process of democratic development is the opening of various avenues of pluralism, most of which have been prevented under the military dominated unitary state. The new constitution, however, offers the glimmer of such concepts through a (at least titularly) planned independent judicial system and a legislature that at least has opposition members, even though they are weak and *sotto voce*. The bicameral central legislature (*Hluttaw*) is obviously paramount. But perhaps most importantly, and an avenue of potential pluralism, has been the formation of fourteen provincial *hluttaws*,

seven of which are in minority areas (there are also six smaller minority enclaves). This is unique in Burmese history. Their roles may begin as limited and under the watchful eye of the center, but they have already begun to raise local issues and could develop into important voices. Yet they seem to lack even the most rudimentary capacity, and institution building should be a high priority in any developmental program.

In spite of an authoritarian regime, the SLORC/SPCD developed legislation that allowed the development of a registered civil society.⁵⁰ It has not been able to play any political advocacy roles, but it has been a force for change, as it was instrumental in organizing the opposition to the Myitsone Dam. Environmental groups have become active, attempting to influence the state to adhere to its own legislation. The Dawei (Tavoy) coal power plant cancellation in January 2012 was a second, important demonstration of public concern. The Myanmar government opposition in both cases, but especially in the one related to the Myitsone Dam, may also have been generated by a desire to ensure an image, or the reality, of a neutralist Myanmar, the hallmark of state foreign policy since independence.

The rule of law. During the civilian period, Burma had a thriving, talented, and well-educated Burmese legal community. The courts even occasionally found against the government. This was destroyed under the military-led socialist government, when the courts were devastated and untrained people's lawyers instituted. That system has changed, but in no way can the present legal system in Myanmar be considered just, fair or unbiased. Nor does the judiciary serve as a balance to the executive power of the state, although the new constitution calls for an independent judiciary. Government policy has meant anything the state wished to pursue and has trumped law, the result being almost whimsical changes in government policies and priorities that disturb investors, who search for stability and certainty.

How the legal system will develop is unknown at this stage. But it is evident without an unbiased legal system and the development of neutral adjudication procedures and avenues for dispute settlement, foreign investors, except in extractive or other highly lucrative industries directly under state control, will be most reluctant to invest in the future of that country. One potential development that may be positive is the formation of a legal component of the Myanmar Development and Resources Institute (MDRI).

Think tanks and their potential. Before General Khin Nyunt (Prime Minister and head of Military Intelligence) was ousted and put under house arrest in October 2004, he attempted to develop the first quasi think tank that could examine issues and offer constructive critiques. This was short lived, and disappeared following his political demise.

There have been positive indications that the state is prepared to seek out expert opinions from among its own populace and even from the foreign community. Egress, an indigenous NGO, has been able to train individuals in some administrative skills and to advise the government informally. More importantly, the new administration has established the Myanmar Development and Resources Institute (MDRI), reporting directly to the president. The MDRI will have three components: economics led by U Myint and discussed in the Callahan paper; a law element; and a political element, called the Center for Strategic and International Studies (CSIS), and led by U Ko Ko Hlaing, chief political advisor to the president.⁵¹ The MDRI will have the authority to invite foreigners to come to Myanmar (for what lengths of time is unknown) to work with

⁵⁰ The Burmese legislation was in 1988, and perhaps was based on Chinese legislation of 1987, although there is no direct evidence of that.

⁵¹ The CSIS will have four patrons: a Burmese retired professor, two British, and this author. The roles of the patrons have yet to be clarified.

authorities on various types of reforms. This is the first such effort in a half-century, and could be important both for political and economic reforms, and important to foreign donors.

3. Burmese views of the outside world

Suspicious of foreigners and foreign states. A sense of strident bravado is often evident in Burmese (Burman) society, which perhaps stems from a sense of vulnerability based on the colonial experience and the perceived fragility of the unity of the state and even of Burman culture.⁵²

Burman singularity and even paranoia and xenophobia are not only classical concepts, but are contemporary. There is in Myanmar a deep suspicion of foreigners in general.⁵³ They are considered potentially destructive of Burman culture and the unity of the state. At some point in the past all of Myanmar's neighbors have supported, fostered or harbored secessionists, dissidents, or insurgents, ethnic or otherwise (East Pakistan and then Bangladesh, India, China, and Thailand). British elements supported Karen independence early after independence and the US supported the Chinese Kuomintang troops in Burma; and still, through the National Endowment for Democracy, the U.S. supports Burmese dissidents in Thailand. Private foreign groups (Soros, Burma Campaigns, etc.) and individuals have contributed to these concerns.⁵⁴ This tension was further intensified during the relative isolation of the Buddhist Burmans during the BSPP period (1962-1988) when civilian and military Christian groups (Chin, Kachin, some Karen) and Muslim groups (Rohingya) were in touch with their co-religionists abroad.⁵⁵ That the major minority groups are situated along the state's periphery, where the borders are ethnically porous, means, for Burmans, that these groups are potentially subversive to the Buddhist, Burman state and that they are more attuned to foreign influences politically, strategically, and culturally.

The position of the United States in Burmese perceptions. There remain in Myanmar strong leftist elements in spite of the end of the Cold War. They are suspicious of the US, as noted above, but that suspicion has been exacerbated by the US calls over two decades for "regime change" and by the US demand that honoring the May 1990 electoral victory by the NLD be a pre-condition for talks between the US and Myanmar. This was a non-sequitur. Regime change was the aim of sanctions and was a bipartisan goal of both the Clinton and Bush administrations. It was only with the Obama administration that the policy shifted from honoring the 1990 elections and regime change to reform.

United States military activities throughout the world together with the antagonisms against the junta, successfully articulated and spread by Burmese expatriates and human rights groups, have led to a fear of a US invasion. As absurd as this may sound to Americans, this fear has been palpable⁵⁶ and has been demonstrated in a variety of ways, including through the leak of a classified junta document outlining this fear, the North Korean tunneling in Naypyidaw, provision of North Korean short range missiles (to hit U.S. bases in Thailand, from which an invasion seemed likely), and the refusal of the junta to allow US naval vessels to directly deliver urgently-needed relief supplied to the Irrawaddy Delta in May 2008 after Cyclone Nargis (because the Burmese leadership was afraid if they landed, they would not leave).

⁵² In what other state is it illegal to have Western musical instruments included in an indigenous (Burmese) orchestra?

⁵³ Aung San Suu Kyi was early vilified for marrying a foreigner and diluting the Burma "blood." Khin Nyunt publicly disowned his son who married a Singapore Airlines hostess. This issue of foreigners marrying Burmese women is not new. One only need read the full text of Kipling's poem "The Road to Mandalay."

⁵⁴ See the movie Rambo IV.

⁵⁵ The Karen insurrection, with which a ceasefire was signed weeks ago and was the longest such revolt in the world in the modern era, was predominantly Christian led, and thus was widely supported abroad.

⁵⁶ Personal interviews with Military Intelligence and other officials.

The Burmese will view US assistance as an opportunity to appear to regain their neutralist foreign policy, a hallmark of that country since independence in 1948 and the reason that U Thant became Secretary General of the UN (1961-71). Although no conceivable US assistance could balance the role of China, it is evident that the Burmese are fearful of too strong a Chinese influence, thus their encouragement of Indian assistance, Thai investment, and closer relations with ASEAN. Japan will restart its aid program. The US is just one element in that arcane Burmese equation.

The role of the Chinese. The Chinese presence in Myanmar is profound, important, and worrisome even to the Burmese. It is not possible to offer a comprehensive description of Chinese interests in this short essay, but they are strategic and immediate, as well as long-range and short term.⁵⁷ The Chinese have provided perhaps some US\$3 billion to the military, which trains in China two-thirds of those officers who go overseas. Registered Chinese investment in Myanmar is the largest of any foreign country, and its unregistered and extensive business interests are incalculable.⁵⁸ They have invested heavily in infrastructure and are building two pipelines for offshore gas and middle-eastern crude oil, and want access to the Bay of Bengal. They have constructed over three dozen hydro-electric and irrigation dams, which will supply electricity to Southwest China. Chinese interests, however, are not uniform. Beijing's concerns are not symmetrically mirrored in Kunming (Yunnan Province). The prosperity of Yunnan, not China as a whole, is largely dependent on Myanmar, and tensions have been exhibited between the two in the past. But the tranquility of the border and the minorities is critical to both.

Chinese perceptions of the U.S. role in Myanmar. The Chinese strongly believe that the change in U.S. policy toward Myanmar under the Obama administration is devoted to undercutting the Chinese position there, and reinvigorating the old Cold War policy of containing China. As a result of the U.S. position the Taiwan Straits and the South China Sea, its alliances with South Korea, Japan, Thailand, and the Philippines,⁵⁹ and the recent decision to base Marines in Australia, China feels constrained.

There is ample evidence from contemporary Burmese media and literature that popular resentment against the ubiquitous Chinese economic and infrastructure roles in Myanmar has rapidly expanded.⁶⁰ The stoppage of the Myitsone Dam construction for the term of President Thein Sein (2015) was a blow to the “strategic comprehensive partnership” that China and Myanmar declared a few months earlier.⁶¹ China did not believe that the military would cave in to popular pressure, and perhaps did not understand the nature and extent of Burmese nationalist sentiment. The Chinese have not overtly complained in their official publications of the U.S. role, but in semi-official (controlled) media, the U.S. has been characterized as “undermining the Chinese wall [influence]” through the visit of Secretary of State Clinton. The Chinese have characterized the change in the Obama policy toward Myanmar, the Kokang imbroglio, the Myitsone Dam suspension all as part of this containment effort.

⁵⁷ See David I. Steinberg and Hongwei Fan, *Modern China-Myanmar Relations: Dilemmas of Mutual Dependence*. Copenhagen: Nordic Institute of Asian Studies, March 2012.

⁵⁸ Illegal Chinese immigration is said to be perhaps as high as two million people.

⁵⁹ See the *Washington Post*, January 26, 2012.

⁶⁰ See Georgetown conference paper by Min Zin, “Attitudes toward China in Burmese Literature.” November 2011.

⁶¹ The Chinese have attempted to downplay that statement in a Georgetown University conference November 4, 2011, noting that the term had been used with other states. But this was the first time it was employed with Myanmar and is likely to be highly significant.

4. Concluding comments

One cannot close even a short essay on Myanmar without mentioning the role of Aung San Suu Kyi and her relations with the U.S. Effectively, as influential members of the Congress have publicly attested, she is the critical determining influence on U.S. policy toward Myanmar.⁶² The new role she has chosen to play for herself is intimately associated with the future of the NLD. The wisdom of that decision is, of course, hers alone to make. Although her ultimate and sincere goals for democracy and related liberties are coterminous with those of the United States, reliance by the U.S. on her in determining U.S. policy is tactically questionable, as it has been with relying on even heads of states in other societies. Those who call for her to have a cabinet position do not consider that this would place her under the direct control of the president; while as an opposition politician, her official influence may be limited but her unofficial standing would be quite pronounced. Those who see her as the future president after 2015 must understand that this would require a constitutional amendment, which means military approval.

Current U.S. regulations prohibit U.S. assistance to the government of Myanmar and its institutions. Yet the extensive civil society literature from China, and the experience of some civil society groups in Myanmar indicate that this blanket prohibition is likely to be detrimental to achieving some of the goals that a U.S. assistance program would seek. Blanket prohibitions should be replaced by judicious authority given to determine when, where, and under what conditions such assistance might be appropriate.

It is important for U.S. policymakers and development practitioners to understand that too close an association with the U.S. for any Burmese individual or organization – and for the reform movement in general – could undercut the position of those whom the U.S. hopes will lead positive change. The nuanced position of the U.S. and refraining from taking credit for positive change in Myanmar are requisites for permanence of positive change in Myanmar and the furtherance of U.S. national interests.⁶³

⁶² See David I. Steinberg, "Aung San Suu Kyi and U.S. Policy toward Myanmar." *Journal of Current Southeast Asian Affairs*, September 2010 (Hamburg).

⁶³ See, David I. Steinberg, "Myanmar: On Claiming Success." *Irrawaddy*. 2012.