



SPECIAL REPORT

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ABOUT THE REPORT

A career officer in the U.S. Foreign Service, Priscilla Clapp served as U.S. chargé d'affaires and chief of mission in Burma (Myanmar) from June 1999 to August 2002. After retiring from the Foreign Service, she has continued to follow events in Burma closely and wrote a paper for the United States Institute of Peace entitled "Building Democracy in Burma," published on the Institute's Web site in July 2007 as Working Paper 2. In this Special Report, the author draws heavily on her Working Paper to establish the historical context for the Saffron Revolution, explain the persistence of military rule in Burma, and speculate on the country's prospects for political transition to democracy. For more detail, particularly on the task of building the institutions for stable democracy in Burma, see Working Paper 2 at www.usip.org. This project was directed by Eugene Martin, and sponsored by the Institute's Center for Conflict Analysis and Prevention.

The views expressed in this report do not necessarily reflect the views of the United States Institute of Peace, which does not advocate specific policy positions.

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Priscilla Clapp

Burma's Long Road to Democracy

Summary

- In August and September 2007, nearly twenty years after the 1988 popular uprising in Burma, public anger at the government's economic policies once again spilled into the country's city streets in the form of mass protests. When tens of thousands of Buddhist monks joined the protests, the military regime reacted with brute force, beating, killing, and jailing thousands of people. Although the Saffron Revolution was put down, the regime still faces serious opposition and unrest.
- Burma's forty-five years of military rule have seen periodic popular uprisings and lingering ethnic insurgencies, which invariably provoke harsh military responses and thereby serve to perpetuate and strengthen military rule. The recent attack on the monks, however, was ill considered and left Burma's devoutly religious population deeply resentful toward the ruling generals.
- Despite the widespread resentment against the generals, a successful transition to democracy will have to include the military. Positive change is likely to start with the regime's current (though imperfect) plan for return to military-dominated parliamentary government, and achieving real democracy may take many years. When Than Shwe, the current top general, is replaced, prospects for working with more moderate military leaders may improve. In the end, however, only comprehensive political and economic reform will release the military's grip on the country.
- Creating the conditions for stable, effective democracy in Burma will require decades of political and economic restructuring and reform, including comprehensive macroeconomic reform, developing a democratic constitution and political culture, re-establishing rule of law, rebuilding government structures at national and state levels, and building adequate health and educational institutions.
- The international community must give its sustained attention to Burma, continuing to press the regime for dialogue with the forces of democracy, beginning with popular democracy leader Aung San Suu Kyi, and insisting on an inclusive constitutional process. International players should also urge the regime immediately to establish a national commission of experts to begin studying and making recommendations for

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economic restructuring to address the underlying concerns that brought about the Saffron Revolution.

- Though China is concerned about the Burmese regime's incompetence, it has only limited sway with the generals, who are fiercely anticommunist and nationalistic. Nonetheless, Beijing will cautiously support and contribute to an international effort to bring transition, realizing that Burma will be seen as a test of China's responsibility as a world power.
- The United States should restrain its tendency to reach simply for more unilateral sanctions whenever it focuses on Burma. Because a transition negotiated with opposition parties is still likely to produce an elected government with heavy military influence, the United States must prepare to engage with an imperfect Burmese democracy and participate fully in reconstruction and reform efforts, which will require easing some existing sanctions.

The Saffron Revolution of 2007

On August 15, 2007, Burma's military government announced that all government subsidies would be removed from imported diesel and natural gas, which power the country's modes of transportation and electricity generation. The cost of diesel fuel immediately doubled, and the cost of natural gas rose as much as 500 percent, creating a wave of inflation in other essential commodities, such as rice, cooking oil, and other foodstuffs. Transportation became so costly that many people, unable to afford the commute to work, started bunking on city streets. Political activists who had been leading small and sporadic urban demonstrations over the past year to protest rising prices and poor economic conditions reacted immediately, calling on the government to engage in dialogue with the people about such dramatic unilateral economic decisions.

By August 19, people were marching in the hundreds through the streets of Rangoon, led by activists from the "88 Students" group and the National League for Democracy (NLD), the party that won more than 80 percent of the parliamentary seats in the 1990 elections. Although the marchers were harassed and heckled by groups from the government-organized Union Solidarity and Development Association (USDA) and its militant wing of young street toughs called the Swan Ah Shin (SAS), they marched on. Within two days, the regime arrested a large number of "88 Students" leaders, but similar marches had already spread to several other cities around the country, suggesting the existence of an extensive underground organization. In late August, Buddhist monks in the western city of Sittwe began to join the marches. On September 5, a group of some six hundred monks marching in the town of Pakkoku in central Burma were brutally attacked by SAS, who tied several monks to poles and beat and disrobed them. When local officials visited the monastery to discuss this incident, they were taken hostage by the monks, their cars were burned, and they were given an ultimatum for the government to deliver an apology by September 17 for the attack on the marching monks.

Within days, the All Burma Monks Alliance (ABMA) surfaced for the first time and demanded that the government apologize to the monks for the Pakkoku incident, reduce commodity prices, release all political prisoners, and enter into dialogue for national reconciliation with the democratic forces. The ABMA pledged to boycott the State Peace and Development Council (SPDC) by refusing to accept alms from them (thus keeping them from earning Buddhist merit) if they did not meet these demands by September 17. When no apology was forthcoming, tens of thousands of monks, surrounded by sympathetic citizens, marched through the streets of several Burmese towns and cities during the week of September 17, chanting blessings for the people. The regime held back from reacting even when several hundred monks marched to the residence of Aung San Suu Kyi, leader of the NLD who lives under house arrest, to pray for her welfare. By now it was apparent that the regime faced a far more organized opposition that it had imagined.

As the monks invited the public to join the peaceful, disciplined marches during the following week, the crowds burgeoned, and the regime began to clench its fist. Military reinforcements were sent to Rangoon, and on September 27, police, army, and USDA forces began raiding monasteries, preventing monks from going out, and rounding up marchers in the streets by force. Thousands were hauled off to makeshift prisons, and the Sangha (the Burmese order of Buddhist monks) was stripped of its political power. This time, however, unlike in 1988, the world witnessed the oppression in great detail via cell phones, digital cameras, and the Internet.

Long after the protests were quelled, the regime's security forces, armed with pictures of marchers found on the Internet, continued to comb city neighborhoods in the dead of the night, arresting suspects as they slept and hauling them off to jail. Popular resentment and revulsion over the attack on the monks still simmers just below the surface, and voices from the extensive underground opposition that remains at large can be heard from time to time declaring their intention to continue the struggle. Not surprisingly, the military leadership seems shaken by these events.

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A Repeating Pattern

The Saffron Revolution is only the latest chapter in a long struggle to return Burma to democracy. Burma's democratic governance began in 1948 and lasted only fourteen years. The quasi self-rule of the latter colonial years produced a functioning parliamentary system after independence but did not succeed in developing a sense of national identity and common interest for Burma's multiethnic society. With 135 distinct ethnic groups, the Union of Burma consisted of seven states representing the largest of the ethnic minorities (Shan, Karen, Karenni, Arakan, Chin, Kachin, and Mon) and seven divisions representing the largest ethnic group, the Burmans. The underlying political ferment and discontent within the non-Burman ethnic groups, who demanded greater autonomy and self-determination, and the deep political divisions among those elected to government created fertile ground for the country's strongest institution—the military—to seize the reins of power in the name of bringing order to the country's chaos.

Since 1962, a succession of military and quasi-military governments has steadily and inexorably brought almost all of Burma's political, social, and economic life under strict military control. Even as other military governments in Asia were giving way to civilian governance and budding democracy in the latter decades of the twentieth century, Burma's military leaders were tightening their harsh controls and systematically draining the strength from civilian institutions, effectively sapping Burmese civilian society of its ability to take collective responsibility. Burma's military leaders have harshly repressed every attempt by the civilian population to determine its own destiny and build the institutions of a pluralistic society.

At the end of the long reign of General Ne Win in 1988, a popular uprising against military rule, led by student activists, was brutally suppressed by the army. The 1988 uprising grew out of an abrupt decision by Ne Win to demonetize several large-denomination kyat bills, effectively impoverishing a large segment of the middle class and creating a fertile base for discontent. In fact, there was a striking similarity between the origins of the "8888" uprising and the Saffron Revolution of 2007. Both were precipitated by far-reaching but ill-considered fiscal decisions by a whimsical dictator demonstrably unaware of the desperate poverty the majority of the population was experiencing.

In the aftermath of the "8888" uprising, a triumvirate of generals emerged at the head of a new military regime. Apparently attempting to return the country to a form of military-controlled parliamentary government (as had prevailed under Ne Win), the generals held an election in 1990, in which their chosen party not only failed to win the majority vote but was overwhelmed by the large vote for the opposition. Stunned by the outcome, the generals refused to seat the elected parliament, insisting that a National Convention

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would first have to draw up a new constitution under terms dictated by them. The party that won the election in 1990, the NLD, and its popular leader, Daw Aung San Suu Kyi, were effectively excluded from the constitutional process and subjected to harsh repressive measures, including jail time.

It took nearly fifteen years for the regime to conclude its carefully choreographed National Convention, which produced a set of principles to govern the drafting of a new constitution. (In fact, the National Convention had just drawn to a close in August 2007 when the SPDC decided to “correct” fuel prices.) Having excluded its political opposition from the National Convention, the regime concentrated on developing support from ethnic minorities for its plans to develop a managed electoral process. The threat of multiple ethnic insurgencies to Burma’s unity was a cause for Ne Win to seize power in 1962, and the military still claims to be the only institution capable of maintaining national unity. The SPDC undoubtedly hopes that the apparent acquiescence of its chosen ethnic participants in the National Convention will allow it once and for all to enforce national harmony. Many believe, however, that the National Convention has not provided adequate autonomy for some of the larger ethnic minorities and that those groups will find ways to fight back in the future. At the moment, the minorities are waiting to see the outcome of the struggle between the democracy forces and the SPDC—a battle that they consider to be between ethnic Burmans. If the democracy forces can succeed in opening the door to dialogue on constitutional issues, the ethnic minorities may seek to revisit their own grievances against the regime.

Releasing the Military’s Stranglehold on Government

Military rule in Burma is so pervasive and all-encompassing that every major aspect of life is heavily influenced by the regime’s decisions. The generals believe that they alone have the discipline and wisdom to be entrusted with the country’s welfare. They dictate not only the conduct of all political and economic activity but also educational content, social structures, and moral values. Senior General Than Shwe appears to harbor pretensions to royalty, increasingly fashioning his own life and the trappings of the leadership after the ancient Burmese kings. This is nowhere more apparent than in his abrupt decision to move the country’s capital from Rangoon to central Burma and in the design of the new capital. A video of his daughter’s lavish marriage, released to the outside world within the past year, suggests that his whole family shares his royal pretensions and does not hesitate to parade them before the other generals and their cronies.

In the course of fifteen years at the head of the ruling SPDC, Than Shwe has managed to acquire unquestioned sway over the country’s military and government structures. He carefully manipulates those around him, keeping potential rivals off balance with sudden, unexpected decisions made after little if any consultation with his colleagues. In retrospect, it is clear that before 2004, when three generals dominated the SPDC, Than Shwe’s orders were filtered and interpreted to some extent by the third general, Khin Nyunt, who controlled military intelligence and managed the government’s foreign relations, including diplomatic missions and international agencies present in Rangoon. It was Khin Nyunt who undertook “confidence-building” talks with Aung San Suu Kyi during 2000–2002, responding to international advice. When Khin Nyunt tried to broker the NLD’s participation in the National Convention in June 2004, Than Shwe refused to approve the deal. Khin Nyunt was arrested within months and sentenced to forty-four years’ imprisonment.

Having consolidated his primacy at the head of the government by purging Khin Nyunt and his subordinates, Than Shwe began to ignore the foreign relationships Khin Nyunt had developed to ensure that Burma’s neighbors would help shield the SPDC from Western pressure. Than Shwe dragged his heels on implementing the seven-step program for transition that Khin Nyunt had promised the Association of Southeast Asian Nations

(ASEAN). In response, the ASEAN members gradually became more critical of the SPDC and asked the SPDC to forgo its turn as ASEAN's president until the promised transition had been accomplished. Although China vetoed a U.S.-inspired resolution in the UN Security Council in January 2007 that suggested that Burma's internal repression had become a threat to regional security, Chinese leaders also began to voice concern publicly about conditions in Burma. China urged the SPDC to undertake national reconciliation, dialogue with all parties, and, ultimately, democratization—a clear message that China did not see Than Shwe's efforts at transition as adequate or credible.

Than Shwe's decision to remove subsidies on imported fuel with no offsetting measures to mitigate the effects on the urban poor and his subsequent handling of the reaction were clumsy and fraught with miscalculations. Although security forces quickly rounded up the leaders of the popular demonstrations that broke out shortly after the decision was announced, they did not anticipate the large number of monks who came out in support of the public. If the government had apologized to the Pakkoku monks by the September 17 deadline, fewer monks may have joined the large demonstrations that took place on September 26–28. Than Shwe's decision to put down the demonstrations with brute force just as world leaders were gathering in New York for the annual opening of the UN General Assembly reveals his disregard of world opinion as well as his isolation from reality. The SPDC clearly did not comprehend the role that new technology would play in displaying these events to the world. The rest of the world is left with the image of a decaying regime that lacks even a rudimentary understanding of the people it presumes to govern.

Genuine political transition in Burma will not be possible until there is transition in the military leadership, starting with the top general. He and his closest cronies among the generals (probably fewer than ten men) bear the lion's share of responsibility for the repugnant behavior of Burma's military and police forces. When Than Shwe can be retired by one means or another, the military leadership will have an opportunity to begin reaching out to the opposition in earnest and to restore the army's reputation and goodwill with the people. If the military leaders are willing to move unmistakably into consultation with opposition forces, release political prisoners, and form a more inclusive constitutional process, they will ensure a productive role for the military in the transition. Indeed, a successful, nonviolent political transition to democracy in Burma will require full military participation, because it is currently the only institution that can ensure stability while the country grapples with the painful economic and political decisions that transition will require.

Historically, political development and democracy in Burma have been stymied by a tendency for the country to dissolve into chaos and confusion when it is not held together by a firm hand. Each time this has happened since independence, the military has used the confusion as a rationale for grabbing more power. Ne Win was the first to take such control, in the midst of chaos caused mainly by feuding politicians in 1958 and again in 1962, and the State Law and Order Restoration Council (which subsequently became the SPDC) took power in the confusion caused by the massive civil protest of 1988. Perhaps the single greatest challenge for successful political transition in Burma will be the problem of breaking this syndrome by ensuring a modicum of law and order that still allows peaceful and stable political development. This proposition is difficult because it will require not only preventing social and economic chaos in urban areas but also avoiding relapse into ethnic insurgencies in outlying areas should certain groups try to take advantage of a transitional period to grab de facto autonomy in the absence of constitutional guarantees.

The abolition or collapse of Burma's military forces would certainly lead to chaos and anarchy, ceding power to a variety of militias and organized banditry. Therefore, it should be a fundamental objective of transition in Burma to retain as much centrally controlled military and police presence as necessary to maintain law and order. Ideally, these forces should not interfere in the process of political transition, although some degree of military interference is inevitable. In the long run, the military's stranglehold on the country can

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be released only through serious economic and political reform. The military must participate for this reform to succeed, and that is the conundrum that Burma faces.

Building the Foundations of Democracy

Forty-five years of relentlessly harsh military rule have left Burma decades behind its neighbors in economic and political development. Whatever form transition eventually takes, it will not be a simple step from dictatorship to democracy. The underlying political, economic, ethnic, and cultural conditions are woefully inadequate to the demands of liberal democracy. The state functions only as an adjunct of military discipline and not as an entity with its own culture and powers. The state institutions and civil service founded during the colonial years and transposed into the young democracy have long since been subverted and twisted into instruments of nearly blind allegiance to the will of the military leaders. Burma's history is replete with evidence that political transition tends to lead in the direction of autocratic government rather than democracy, and elections have been more an instrument of authoritarian political manipulation than a means to implement popular will. It is clear from Burmese history, both ancient and modern, that political transition is never smooth and does not follow a single trajectory. Burma has moved forward, backward, and laterally for centuries and certainly cannot reasonably be expected to proceed naturally from its current state toward viable liberal democracy. Much work on underlying political, economic, and social institutions will be required, along with enormous time and patience.

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Economic Reform

The country's sad economic condition is not the result of economic and political sanctions, as the regime likes to pretend. Burma's reliance on imported fuel, its energy shortages and trade deficits, the huge cost of maintaining its unprofitable state-owned enterprises, and many other deficiencies brought on by inept military management leave the economy in a constant state of instability and uncertainty. The bulk of the economy is informal, rife with black market activity, and subject to temporary disruptions in the supply of critical commodities such as rice, cooking oil, gasoline, and electricity. Petty thievery, pilferage, and even murder are becoming more visible as those at the bottom rungs of society struggle to make ends meet. While the majority of the population ekes out a meager subsistence off the land, the urban population suffers both materially and psychologically from its vulnerability to the regime's haphazard economic management.

Although the SPDC appears to be reaping windfall hard-currency profits from natural gas deposits as energy prices rise, the United States should not overestimate the significance of this gain. First, the current gas revenue derives mainly from sales to Thailand already under way for several years while the large revenues expected from underwater gas deposits off Sittwe will not develop until after 2010. Second, the regime appears to be spending its gas profits on showpiece projects, such as the new capital at Naypyidaw, its sister city near Maymyo, and a frivolous nuclear research facility, projects that do not contribute materially to economic growth and the betterment of the country's population. There are not yet any visible plans to direct enough of the country's gas supplies into Burma to ease the country's reliance on imported fuel. As the Asian Development Bank noted in early 2007, "Continuing macroeconomic fragility will keep the economy vulnerable to sharp downturns in gas prices, as will shocks such as political strife, poor harvests, or instability in the banking system."¹ In other words, as long as the SPDC refuses to address macroeconomic reform, gas revenues will not improve economic stability.

Two fundamental conditions in particular underlie Burma's macroeconomic distortions and inhibit its political development. First is the failure of successive military regimes to inspire confidence in the domestic currency. The government, as a matter of expediency,

Economic Statistics

- Per capita gross domestic product (GDP): ±\$200
- In purchasing power parity: \$1,800
- 2006 inflation rate: 22%
- 2006 inflation rate for Rangoon: 40%
- 2006 current account surplus: \$1.5 billion, including gas exports of \$1.4 billion
- 2006 government budget deficit: about 4% of GDP
- 2006 health and education budgets combined: about 1.4% of GDP
- 2006 official spending on military: about 2.1% of GDP
- Estimated actual spending on military: about 40% of national budget

Source: Sean Turnell, Macquarie University, Sydney, Australia.

habitually prints money to cover debt, guaranteeing constant devaluation of Burmese currency against foreign currencies and property. Inflation is so rampant that wealth owners are unwilling to bank or monetize their capital and give impetus to economic development. As long as the military feels the need to control the monetary system arbitrarily and in secrecy to prop up its own strength and well-being, there can be no correction of this basic economic weakness.

The second macroeconomic distortion inhibiting Burma's development is the lack of secure individual and property rights. The very concept of rights accorded the individual in a liberal democratic setting, in terms of both property and human rights, has never had a chance to take hold in Burma. As one observer has pointed out, "Because the monetary economy is severely distorted and property rights are neither clearly defined nor enforced, . . . the value references of an individualistic society are not . . . sufficiently reproduced in Burma's daily life. Hence, dialogue and compromise, but also the cognitive framework for human rights, remain alien concepts."² Thus the achievement of sustainable democratic governance in Burma will require a long-term investment in addressing these fundamental deficiencies simultaneously.

Political Reform and Development

Political reform must begin with a new constitution. After years of struggle over unresolved issues in the 1947 constitution, the flaws of the 1974 one-party constitution, and the total absence of a constitution since 1988, the issues to be resolved are quite clear. The steps toward resolution of these issues are not so clear. The 1947 constitution, for example, did not clarify the degree of autonomy and self-determination for the ethnic minorities. A new constitution might resolve the issue by specifying the division of responsibility between the central government and state governments. The regime's proposed constitution does not adequately address this central issue.

In any case, the SPDC's National Convention has proposed moving forward with a new constitution providing for a unicameral parliament in which one-fourth of the seats will be occupied by representatives appointed by the military, and an executive branch, in which the military is guaranteed key positions. For people accustomed to freely elected government, this arrangement appears unreasonable and antithetical to democracy, but to Burmese who have suffered so long under military rule, it may be considered acceptable as an interim measure, if that is the price of achieving ultimate democratic freedoms at the end of a well-defined process of transition—and if the military does not exclude the major democratic forces from the process. It is therefore likely that any near-term constitutional reform will have to begin with this sort of compromise if the democratic forces wish to move the military leadership into elected government where power is at least shared. This shared government would add new layers of difficult issues to resolve in the constitutional process and would probably have to be approached in stages, with a succession of governments serving under a succession of transitional constitutions until the final goal is reached. Perhaps it could be achieved in one or two stages, though it may require more. Regardless of where the constitutional process begins, the ultimate objective must be a constitution that guarantees universal human rights, provides for rule of law, and places no constraints on legal, political, or economic reform or on free-market principles.

Burma's military leaders will strongly resist the devolution of power and authority from the central government to state and local government, making it very difficult to arrive at a formula for self-determination that would satisfy most ethnic minorities. Although we do not know exactly the contents of the cease-fire agreements, they seem to have conferred some degree of self-determination. However, this limited autonomy is neither consistently applied nor, apparently, guaranteed. Since the agreements were signed, the SPDC appears to have rescinded some of the autonomy that the cease-fire groups assumed they had achieved, particularly regarding control over economic and security matters.

A second fundamental reform must occur in Burma's general political culture and civil society institutions. This is not to suggest that Burma should model itself on foreign cul-

tures or institutions, but rather that it needs to develop its own form of “civilized” society, which it has been denied by increasingly paranoid military rule that fears the very idea of civilian initiative, responsibility, and sense of community. To a degree, the development of civil society will accelerate when current restrictions on group activity are eased, but certain aspects of “civilized” society still need to be fostered. For example, even during the democratic period of the 1950s, Burmese political actors did not display much national vision, political tolerance, or ability to negotiate differences, and the institutions of civil society that existed at the time did not force them to do so. Thus special attention must be given to the social and political skills that facilitate cooperation in an ethnically and religiously diverse society, probably at least partially with the assistance of external partners. Even something as simple as outside facilitation in the constitution-making process could, for example, help to encourage a new political culture in Burma.

Fortunately, the fundamentals of elections are not alien to the Burmese. Once the prerequisites for elections are in place, and assuming that the military does not severely distort the process, the Burmese people will know generally how to form political parties and how to choose their parliamentary representatives. Despite the military’s attempts in 1990 to split the political opposition into many small and ineffective parties and to manipulate the voting process in favor of the government party, the electorate managed to combine major opposition parties into a single, more powerful unit, the NLD, and to exercise its vote relatively freely. Burmese do not require much coaching to conduct free and fair elections; the main question will be how to keep the military and its agents from interfering.

These political reforms are a long-term proposition and will be considerably more difficult to accomplish under transition scenarios where civilian activity either remains under severe military constraints or is impeded by chaotic conditions or extreme corruption. The most favorable situation for the development of civilian institutions that contribute to a democratic political culture would be a gradual negotiated transition to liberal democracy, in which the economic, political, and social sectors of society are developed simultaneously.

Rule of Law

There is no rule of law in Burma today. Although there are laws, courts, and other legal structures that were established under colonial rule, these have ceased to function legitimately because the military has manipulated and misused them for decades to punish perceived enemies and harass the civilian population. The outcomes of trials concerning political activists or critics of the regime are decided arbitrarily beforehand, so-called evidence is manufactured, and only those arguments leading to a guilty verdict are allowed by the judge. Often defendants cannot have lawyers of their own. The harsh legal system is fortified by layers of surveillance, with military intelligence at the top, the police Special Branch now doing most of the legwork, and community wardens keeping watch over all individual families in their districts. The civilian population has virtually no recourse within the legal system to defend its individual or collective rights against the will of the military government. It is understandable, therefore, that the legal system and those who enforce it enjoy little respect among the Burmese people.

Legal reform is also fundamental to economic reform. A new constitution, for example, must lay the basis for redrawing the legal system to establish clear property rights and protect these and other individual rights. Although some private property provisions exist now, they are in no way consistent or assured. The military regularly dispossesses people for its own purposes, adding to the general uncertainty and instability in the economy. In the critical area of agriculture, which sustains the majority of the country’s inhabitants, property rights must be made more conducive to productivity, thereby encouraging a return to robust agricultural exports. The current system, which ties “tilling rights” to government production quotas and holds the farmers’ compensation well below market rates, is a proven recipe for agricultural failure. It is possible that historical experience will

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lead the Burmese to define property rights somewhat differently than, for example, in the United States, but the definition must be clear, consistent, and legally protected.

Rule of law must be reestablished as quickly as possible to provide the tools for tackling the corruption that has been institutionalized throughout the military-controlled economy. The degree to which various levels of government and society currently use bureaucratic power for personal gain, or rent seeking, in virtually every arena of Burmese life will encourage economic chaos and stymie economic reform once transition begins if it cannot be brought under control and significantly reduced. Fortunately, there are skilled lawyers in Burma who understand where the current problems lie in the legal system and who are well trained in British common law, the basis of the original Burmese legal structure. They would need only a modicum of assistance and encouragement from outside experts. The greatest need will be for resources to restructure the courts and train new lawyers.

Governance

Burma's state institutions—civil service, judiciary, education, health—have deteriorated badly under military rule. At both national and local levels, the structures of government function more or less as instruments of the military through the mechanisms of the SPDC and the army's regional commands, although with certain key exceptions. For example, the military structures are almost nonexistent in some ethnic areas, such as the Wa and Kokkang, and most ethnic areas also have their own militias and local government authorities. This is particularly true of the small ethnic areas in the Shan state that were given autonomy over territory by cease-fire agreements.

In the central government, the traditions of an educated and dedicated civil service that carried over from the colonial period have largely dissipated as senior and midlevel ministry positions have been filled with military officers and their families on the basis of patronage, not merit. When Ne Win took control of the government, he fired most of the talented civil servants who had been trained during the colonial years, and many more experienced public servants were forced out of government for political reasons in the aftermath of 1988. The rush to "militarize" ministries at all levels has accelerated in recent years, as the SPDC has prepared to restore quasi-constitutional government. Under these conditions, it is not surprising that government institutions are rife with corruption and incompetence.

Perhaps most debilitating of all the civil service's ailments is the concentration of nearly all decision-making power in the very top levels of the military leadership, where the SPDC and its committees dictate policy to the civilian bureaucracy. This concentration of power leaves the institutions of government with very little authority over decisions, and consequently little sense of responsibility. The military's supremacy over the allocation of national resources leaves the civilian ministries without adequate means to perform their functions properly. Civil servants are paid so poorly that they must engage in rent seeking to support their families, thus entrenching corrupt behavior as the norm. This syndrome pervades military structures as well, especially at middle and lower levels, where salaries do not support basic necessities. To the extent that individual military officers are enriching themselves lavishly from their positions in government, it is largely at the highest levels, both nationally and regionally.

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Health and Education

With most of the government's resources being devoted to the needs and priorities of the military, there is little left to meet the needs of civilians. The country's bloated army enjoys the services of separate health and educational systems, which are at least marginally better—and in some places far better—than those provided for the civilian population. By contrast, the government's health and educational services for civilians,

starved for funds and attracting fewer qualified and dedicated professionals, have been deteriorating for many years. Today people are forced to pay relatively large amounts of money for government health services. Government hospitals, clinics, doctors, and nurses generally charge a large fee up front before dispensing any care to patients. Those who cannot afford the fee are left to fend for themselves. Medicines, modern medical equipment, and supplies are in short supply and can be very expensive when available because almost everything must be imported. This shortage leaves the poorest people in both urban and rural areas with little access to real medical care, a fact reflected in the country's poor health indices. For example, the incidence of HIV/AIDS is approaching African proportions, with an adult infection rate of 1.2 percent in 2005.³ According to UNICEF, in 2004 infant mortality was 76 per 1,000 for children under one year old, and 105 per 1,000 for children under five.

Since Khin Nyunt's removal in 2004, the operating environment for international assistance organizations addressing health, education, and poverty has deteriorated significantly. It appears that the prevailing powers in the regime believe that international assistance constitutes a form of intervention in their "internal affairs" and that international aid workers often act as "intelligence agents," seeking to liaise with insurgent groups. Moreover, the government has been trying to force international agencies to work with or through the USDA, the regime's monstrous civilian arm, apparently to channel the assistance to the regime's favored groups and enhance the public appeal, authority, and resources of the USDA.

Once it becomes possible to assure reliable delivery of better health and medical assistance without the threat of diversion by the military and its agents, it will be a relatively straightforward matter to rebuild and improve the public health structures. There are still talented and dedicated people left in Burma's health care system, and more can be marshaled quickly from the local staffs of UN agencies and non-governmental organizations (NGOs). The most critical assistance required from external sources will be in medical supplies, training, and management advice.

As with health care, the government education system has also become increasingly expensive, leaving a large proportion of the population with limited or no access to schooling. Only an estimated 30 percent of the country's youth today complete primary school.⁴ Schools are financed by local communities or private benefactors. The government provides teachers and curriculum but does not pay the teachers a living wage; their salaries must be supplemented by the local community. To increase their wages, teachers do private tutoring outside normal school hours—and make it clear that students will not graduate without such tutoring. The deterioration in higher education caused by the dispersal of the university system over the past decade has had a serious impact on the quality of the teachers in the public school system.

Aside from providing too little education to its students, the Burmese educational system has a curriculum based largely on rote methods of learning, so that even those with advanced degrees are ill equipped to think analytically. Many of the subjects fundamental to good governance and democratic political activity are simply not taught, creating an enormous education gap, even for those with university degrees.

Comprehensive reform and restructuring will be required at all levels of the educational system. The chief problems in primary and secondary education are twofold: (1) a curriculum that depends very strictly on rote learning and (2) poorly trained and underpaid teachers. These problems, though easy to identify, will be very difficult to correct until better teachers can be trained and money is available to pay them adequately. Tertiary education is in an even sadder state after years of manipulation by military regimes attempting to minimize what they view as a breeding ground for antigovernment thought and activity. Although well-educated and talented academics are still to be found in Burma, they are sorely lacking in the resources or authority to resist the government's efforts to downgrade the quality of college and university instruction. The tertiary educational system can be rebuilt into a vibrant center of intellectual debate and development, but this effort will

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require comprehensive reform and restructuring, with international assistance in the form of resources, training, and advice on restructuring and curriculum reform.

What Should the International Community Do?

The events of August and September 2007 have demonstrated dramatically that Burma's military government will not undertake national reconciliation and genuine political transition without strong prodding from the international community. Thus the first task for the international community, working through the United Nations and in concert with Burma's Asian neighbors, is to continue pressing for serious dialogue between the military and the country's democracy forces. Such action is needed to ensure that any political transition the military may undertake will be inclusive, taking into account the concerns of both the democracy forces and the ethnic minority population. As UN special envoy Ibrahim Gambari has pointed out to the regime, the most sensible point for such dialogue to begin is with Aung San Suu Kyi. Her popularity and iconic status have been amply demonstrated by the crowds that came out to see her during the year she was free to travel around the country in 2002–2003 and by the group of monks who designated her the chosen leader when she opened her gate to them on September 22, 2007. If the military leadership has the presence of mind to enter into serious dialogue on its own, so much the better, but history suggests that this is unlikely. Although Than Shwe has offered a heavily conditioned meeting between Suu Kyi and a special "minister" assigned as his liaison, it remains to be seen whether Than Shwe's intentions are serious. He will probably try to stonewall international efforts to encourage dialogue, while attempting to reinforce strict military control over the monks and opposition forces, pressing ahead with his own plans for transition, and continuing to blame Burma's problems on external influences. Thus it is essential that the international community remain engaged and not let the generals drift back into their cocoon of isolation and repression.

The international community must also focus on reforming Burma's economic and political life and building the underpinnings of stable democracy. This reform will take decades, if not generations, and the sooner it begins, the better. Even as the world presses the military leadership to develop an inclusive transition, it must also insist that genuine reform and restructuring begin immediately to address the grievances underlying the Saffron Revolution. Although progress with political transition will be essential to achieving this task, progress should not be explicitly tied to "benchmarks" in the transition process, as is often suggested. In fact, the benchmark strategy was central to UN-based international mediation efforts for several years in the 1990s, and it elicited no interest from either the SPDC or the NLD. When many began referring to the plan as "sticks and carrots," then Foreign Minister Win Aung declared, "We are not trained monkeys." Aung San Suu Kyi found the strategy unworkable in the Burmese political context and further suspected that it was a Trojan horse for UN agencies and the international financial institutions to justify large-scale assistance that would only benefit and prolong the military regime.

To minimize hardship and avert chaos once transition is under way, it would be best, of course, to address Burma's political and economic deficiencies strategically rather than piecemeal. Ideally, those concerned with this task should coordinate on a strategy that sets priorities, sequences reforms, and plays to the strengths of international donor organizations. In particular, serious economic reform will require the resources of the international financial institutions, as well as governments. However, the international community and its aid agencies do not have a history of working well together, and they often trip over one another and work at cross purposes as they rush to address the latest urgent situation. Moreover, the SPDC maintains strict controls on the work of international assistance agencies and tries at every step to make them serve the interests of the military government and its chosen constituencies. It will take time for this situation to improve because it is also rooted in the culture of corruption that infects the entire government.

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The best approach would be to encourage the Burmese, both the SPDC and the democracy forces, to form a national commission of experts, which could begin planning broadly for economic reform and restructuring and develop recommendations for steps to be taken over a period of years. This commission should have the authority to consult as widely as necessary with experts, scholars, and specialized institutions, both inside Burma and in the international community. Preliminary thinking about this kind of homegrown consultative body has already begun among economic experts inside Burma, and it would be relatively simple to empanel such a commission and set its initial agenda. This approach would meet a fundamental Burmese concern, which is not unique to the military: that reform and transition in the country must be defined and executed by Burmese and not by the outside world. Moreover, it would not be necessary to tie such an effort to specific progress in political transition because the work of this body would be part and parcel of the transition process—if the body makes progress, transition is under way; if it stalls, transition has stalled.

What Can Be Expected of China?

China, Burma's most significant patron and neighbor, seems to have become the focus of attention as the international community searches for a means to stem the regime's brutality. Governments, exile groups, human rights groups, and political pundits, believing that Burma's generals will bow to Beijing in return for its protection, are asking that China bring the generals in line. But does China really have enough power and influence over the generals to modify their behavior? To answer this question, we must look at the various factors that China must consider.

Considering General Than Shwe's obsession with history, Burma's historical experience with China is no small matter. The two countries have a troubled past. As Burmese kings consolidated their empire, they confronted Chinese adversaries more than once, and over the years many tribes of Chinese origin have been incorporated into Burma. The large Kachin tribe in Burma's far northern state spreads into large parts of Yunnan province, as do the Lahu, Wa, and Kokkang groups. Burma also hosts a very large immigrant Chinese population. Chinese residents have been expelled from the country more than once, for example by Ne Win in 1964, when wealthy Chinese families were perceived to be threatening the well-being of ethnic Burmans. In 1967 there were riots against Chinese urban residents when they tried to promote the Cultural Revolution in Burma. China knows that resentment against the Chinese population in Burma still lurks just below the surface today. Even more significantly, Burma's ruling generals earned their first medals fighting Chinese-supported communist insurgencies along the border between 1968 and 1978, and they do not harbor warm feelings for China. They probably remain very distrustful of China and resent that they must rely on its patronage.

Second, China has come to see Burma as a significant resource for its voracious economic appetite. Burma abuts one of China's poorest and most isolated provinces, Yunnan, which lags behind the economic revolution that is sweeping the rest of China, at least in part because it does not have access to cheap energy. For more than a decade, China has sought to develop a road from Yunnan through Burma to the Bay of Bengal to facilitate its trade with the rest of the world, but the generals appear reluctant to open their country to China. Over the past two years, however, China has finally succeeded in wearing down this reluctance, probably with the lure of very large financial returns. The two governments recently announced that they have reached a preliminary agreement for China to build two gas and oil pipelines from the Bay of Bengal across Burma to Yunnan. Burma has also given the green light for China to extract natural gas from an offshore deposit in the Bay of Bengal and ship it to Yunnan through the new pipeline. And finally, an agreement was reached for China to build three sizable hydroelectric dams on Burmese rivers near the Chinese border to provide electricity to Yunnan. Burma's returns from these

projects will easily run into billions of dollars over a thirty-year period. China will be the country's largest investor by far, and Burma will become essential to the development of Yunnan Province.

Aside from these future prospects, Burma already provides a sizable export market for China and is a source of wood, jade, minerals, and other materials for China's burgeoning economy. Much of the trade is illicit, finding its way across a porous border where customs officials can be easily bought. It is not a relationship that can be readily regulated.

Third, China is concerned about maintaining security and stability on its southwestern flank. The tribal groups on Burma's Chinese border all have ties in China and have achieved varying degrees of autonomy from the SPDC through a series of cease-fire agreements, which ended their insurgencies but left them with autonomous territory and their own militias. The tribal groups' economies are oriented more toward China than toward Burma, aided greatly by Chinese-built roads, and many groups actually live on both sides of the border. Chinese "triad" gangs traffic drugs and people across the border with relative impunity, flooding Yunnan with drug addicts and HIV infection. Chinese criminal suspects often seek refuge in Burma, and Chinese law enforcement officers have on occasion made cross-border incursions to apprehend them. Recent reports suggest that China has begun to take an interest in the welfare of some of the ethnic minorities on its border, providing assistance with HIV/AIDS protection, for example. How the SPDC treats these border groups is of concern to Beijing because a return to insurgency could radiate into China and cause new problems in Chinese-Burmese relations.

Also in the interest of security and stability on the China-Burma border, Beijing must balance its attempts to shield the SPDC from international retaliation with its desire to forge cordial relations with a future civilian government in Burma. This delicate situation would be greatly eased if Beijing were to find a way to be the facilitator of peaceful transition from military to civilian rule. There are some signs that Beijing has weighed in usefully with the SPDC, for example, in facilitating UN special envoy Gambari's recent visit to Burma and his meetings with Aung San Suu Kyi and the top generals. China has also developed channels of communication with Burmese exile groups, including democracy advocates and ethnic minority refugees.

Finally, China must consider how its relations with Burma can affect its image as an emerging international leader. As China becomes more deeply involved economically with rogue regimes, the world demands political responsibility as well, for it is no longer a world where economics and politics can be easily separated. If Beijing aspires to a leadership role, it must take seriously its responsibilities to promote good governance, and nowhere will such efforts be more salient than in its relations with this southern neighbor that it now dominates economically.

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What Should the United States Do?

For nearly twenty years, the United States has relied primarily on an increasingly tighter web of broad diplomatic and economic sanctions to punish Burma's military regime for its transgressions. Inasmuch as Burma is considered to be of little or no strategic interest to the United States, sanctions-based policy has enjoyed wide bilateral support in Washington. Over the years, the United States has tried and largely failed to get other governments to join its sanctions. Burma's Asian neighbors in particular have taken issue with sanctions policy and have maintained active political and economic relations with Burma, even welcoming the country into ASEAN. The economic impact that U.S. sanctions might have had on the SPDC has been more or less offset by the rest of the world, and, perversely, the SPDC has used U.S. sanctions as a scapegoat for its own miserable economic performance.

Post-9/11 international banking provisions may offer one exception to this general immunity to sanctions. The carefully targeted banking restrictions the U.S. government imposed in response to the SPDC's crackdown on the Saffron Revolution may finally suc-

Current U.S. sanctions include

- laws prohibiting U.S. investment in Burma and imports from Burma;
- an executive order denying Burma the use of U.S. financial services, making it impossible for the dollar to be traded legally in Burma (the dollar is still the basis for much of Burma's black market activity);
- a ban prohibiting senior Burmese military and government officials and their family members from visiting the United States;
- congressional refusal to allow posting of a full ambassador to Burma;
- congressional restrictions allowing very little of the annual foreign assistance earmarked for Burma to be used inside the country, and then only through international NGOs;
- prohibitions against the World Bank, IMF, and Asian Development Bank undertaking any significant programs in Burma; and
- sanctions targeted at specific military leaders' assets held in overseas accounts.

ceed in affecting the regime's personal fortunes. One crony has already been forced to close a business because Singapore banks refused to continue banking services.

On the whole, however, broad U.S. sanctions have not had the desired effect of encouraging the Burmese regime to negotiate with or cede power to the democracy forces. Furthermore, once these sanctions have been legislated, the United States cannot justify their removal until the regime begins to make dramatic concessions. Thus the U.S. reliance on sanctions and its confrontational style with Burma's military leadership, no matter how well justified, have relegated the United States to a backseat position in the effort to persuade the SPDC to proceed with transition. So the United States must look to the United Nations and other governments, particularly Burma's Asian neighbors, to communicate with the military regime and nudge it toward dialogue and accommodation. It is simply a fact of life that the United Nations and Burma's Asian neighbors will remain its key interlocutors and points of contact until the appropriate time comes for the United States to ease its sanctions and adjust its demeanor.

At the same time, it is inconceivable that the United States would not want to play a central and constructive role in supporting transition in Burma, once transition begins. The United States has much to offer countries building the foundations of democracy, and it should position itself to support elements of the population in Burma who will play a critical role, not only in the political arena but also in the economic, academic, and even military arenas. To ensure that its sanctions do not work against a productive role for it during a protracted period of transition in Burma—the likeliest scenario at this point—the United States should prepare to begin relaxing some of its restrictions sooner rather than later. At the very least, it would make sense to continue adjusting the current sanctions regime so that it targets the military leadership more specifically and relaxes some of the more generalized bans on economic activity that harm those groups the United States would want to support in a democratic system.

The United States should also consider how to respond appropriately to the possibility that a negotiated transition will, in its initial stages, provide for heavy military representation in the elected government. Than Shwe is an elderly man with serious health problems and will not be in power much longer. The generals who succeed him could well be more willing than Than Shwe to reach some level of accommodation with Aung San Suu Kyi and other opposition figures, which could bring both sides into a quasi-parliamentary stage of government. While less than perfect in U.S. eyes, such a step would still represent forward movement and should not be disparaged by external powers. On the contrary, the United States should be prepared to support such a transition with engagement and assistance because, in the long run, peaceful, orderly transition to democracy in Burma will offer far greater hope for stable, effective pluralistic governance than would any of the alternatives.

Notes

1. Asian Development Bank, *Asian Development Outlook 2007*, March 2007, 221.
2. Stefan Collignon, "Human Rights and the Economy in Burma," in Robert Taylor, ed., *Burma: Political Economy under Military Rule* (London: Hurst & Co., 2001), 82.
3. "Silence Adversary in Myanmar's HIV/AIDS Fight: UNICEF Regional Director," www.unicef.org/myanmar/new.html (May 25, 2005).
4. David Tegenfeld, "International Non-Government Organizations in Burma," in Robert Taylor, ed., *Burma: Political Economy under Military Rule*, 112.

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Of Related Interest

- *Building Democracy in Burma*, by Priscilla Clapp (Working Paper 2, July 2007).
- *Networking Dissent: Cyber Activists Use the Internet to Promote Democracy in Burma*, by Tiffany Danitz and Warren P. Strobel (Virtual Diplomacy Series, no. 3, February 2000).



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