

**BURMA/MYANMAR:
HOW STRONG IS THE MILITARY REGIME?**

21 December 2000

Table of Contents

MAP OF BURMA/MYANMAR	i
EXECUTIVE SUMMARY.....	ii
I. INTRODUCTION	1
II. POLITICAL UNDERPINNINGS: THE REGIME.....	2
A. Role of Ne Win.....	6
B. Intra-regime Rivalry.....	7
C. Legitimacy and Security Ideology	8
D. The New Constitution	10
E. Office of Strategic Studies: A New Brain for the Regime.....	11
III. MILITARY UNDERPINNINGS: THE ARMED FORCES.....	12
A. The pervasive intelligence establishment.....	13
B. External Military Partnerships	14
C. Winning the Civil Wars.....	15
IV. ECONOMIC UNDERPINNINGS.....	18
A. The Legal Economy	18
B. The Extra-Legal Economy	19
V. VULNERABILITIES	20
A. The Democratic Opposition and Civil Society	20
B. Ethnic Insurgents	27
C. Economic Fragility	28
D. Military Overreach	31
E. International Pressure	33
VI. CONCLUSIONS	39
APPENDICES	
A. About the International Crisis Group	
B. ICG Reports and Briefing Papers	
C. ICG Board Members	

MAP OF BURMA





BURMA/MYANMAR:

HOW STRONG IS THE MILITARY REGIME?

EXECUTIVE SUMMARY

This report, the first in a proposed series, is a preliminary assessment of the strengths and vulnerabilities of the State Peace and Development Council (SPDC), the military regime ruling Burma/Myanmar. Its purpose is to provide essential background - not at this stage policy prescriptions - for policy makers addressing the prospects for non-violent democratic transition in the country and ways to achieve that transition.

Despite the international attention which Burma/Myanmar continues to attract, there are large and important gaps in publicly available information about the personalities who lead the SPDC, about the operations and state of the armed forces, and about the situation in many parts of the country and inside important groups, such as the students and the monks. A complete and reliable picture of the strengths and vulnerabilities of the SPDC will require a further major research effort.

But the outlines of that picture are reasonably clear: a regime which is presently very strong and comfortable in its resistance to internal and external pressures for change, but which is not totally invulnerable, particularly in terms of its capacity to maintain tight military control of the entire country.

The military government in Burma/Myanmar does presently appear to be as strong as at any time in the country's history. It controls all public aspects of the country's political life and important parts of the private sector economy. It has put in place all of the institutional means, including a robust and well-organised domestic intelligence apparatus, needed to ensure the continuity of military rule. It is showing no weakening in its determination to hold on to power.

The modernisation of the armed forces since 1989 has delivered the regime unprecedented military successes against ethnic insurgencies. Over the decade, the government has brokered ceasefire agreements with seventeen of its former foes, including the most powerful narco-armies, such as the United Wa State Army (UWSA). The regime partially opened up Burma/Myanmar's economy after 1988 prompting new levels of foreign direct investment, particularly in the oil and gas sector, into the early 1990s. The country has achieved positive economic growth through the whole of the last decade at the national level, though this has been from a low base and is probably not as high as the reported average annual GDP growth of about 5 per cent. The drug trade has become a significant factor in the overall economy and the regime has obtained vital revenue from reinvestment of narcotics profits.

Despite its considerable strength, the regime's stranglehold on power does have some vulnerabilities, the most important of which may lie within the armed forces – precisely that part of the Burmese governing order about which the outside world knows least.

The most significant vulnerability here is simply overstretch. The more extended the military's reach has become in areas previously controlled by ethnic insurgents, the more vulnerable the regime's control becomes, and it is questionable whether it has the sophistication, capacity and management tools to make and implement the necessary fine judgments about how far to extend its operations. There is already some evidence that the regime cannot feed its soldiers in the far-flung outposts. A four-fold salary increase for the armed forces reported in April 2000 is another suggested pointer to the scale of the problem.

The ethnic armies, although most of them for the moment are not fighting SPDC forces, will remain a potential threat if only because they retain all their weapons. These groups are significantly weaker and somewhat more demoralised than ever before, but the ceasefires were not exclusively the result of military defeat at the hands of government forces. The SPDC regime had to make promises to secure the agreements, such as offering a role in drafting a new Constitution, and these will need to be kept if the regime is to continue to reap the political gains from the ceasefires.

There is no doubt that popular discontent in Burma/Myanmar is profound, with regime success coming at the cost of sustained brutalisation of the civil population, including forced labour and forced migration. But it is unclear just how politically focused the discontent is, and whether or in what ways it could threaten the SPDC. The political opposition, primarily the National League for Democracy (NLD), continues to mount a challenge to the legitimacy of the military regime and will remain an important irritant to it. But the NLD's points of leverage inside the country for weakening the SPDC's grip on power are few, and it is difficult to be optimistic about it achieving change in the near term.

Internationally, the SPDC is in a strong position. It has major allies, particularly China, which has been supplying it with military equipment in large amounts. Its other neighbours (ASEAN countries and India) and some near-neighbours (Taiwan and Hong Kong) have been expanding relations with it. Burma/Myanmar has been denied bilateral military sales and multilateral economic aid from most developed countries, and these and other sanctions do at least continue to register the moral and political unacceptability of the regime. The robust role of the International Labour Organisation (ILO) in investigating and condemning forced labour, and likely follow up moves by other UN agencies, will also help ensure that the SPDC's position remains a subject of considerable international political contest. But actual and threatened sanctions, and other forms of international isolation, have so far done little to undermine the regime's survival.

The challenge for the international community is to find ways - having regard to the regime's apparent strengths and vulnerabilities - to intensify the pressure upon it to accommodate peaceful democratic transition. A crucial related issue is how, in achieving that transition, to support the democratic opposition forces within the country in ways that are not counterproductive. Future reports by ICG will seek to address these issues.



BURMA/MYANMAR:

HOW STRONG IS THE MILITARY REGIME?

I. INTRODUCTION

Since full independence from Britain was achieved in 1948, Burma/Myanmar¹ has existed as a state at war with itself. Five decades of conflict – a great deal of it unreported and unstudied in any detail outside the country – have inflicted an enormous cost, on the ethnic minority groups in particular. Tens of thousands of people have been killed, and hundreds of thousands displaced either inside the country or over its borders. In 2000, the numbers of internally displaced persons (IDPs) in the eastern border areas opposite Thailand are estimated to be over 500,000 – comprising some 200,000 Karens, 200,000 IDPs affected by relocations in central Shan State since 1996, 200,000 Karennis,² and approximately 40,000 Mons. The registered population of refugees living in the Thai-based camps now number around 120,000, with many more displaced outside the camp structure, and at least one million Burmese nationals working illegally in Thailand. The ongoing misery for the people in the conflict zones continues unabated, with more than 5,000 Shan refugees fleeing to one area of Thailand in the first five months of 2,000 alone.³ The continuous state of civil war has been accompanied by – some would say caused by – an equally durable control of government by the country's armed forces, which have ruled the country for 40 of its 52 years of existence.⁴

The current military regime, the State Peace and Development Council (SPDC) - comprising nineteen generals - rules Burma/Myanmar with an iron fist. Since the last military coup in 1988, the military regime has often claimed to have no intention to 'hold onto power for a long time',⁵ but there are no signs that it will release its stranglehold. On the contrary, the regime has sought to institutionalize its

¹ Whether to call the country 'Burma' or 'Myanmar' provokes controversy, with strong political connotations associated with each form. In July 1989, the State Law and Order Restoration Council (SLORC) changed the name of the country, along with several other large cities and administrative divisions. The United Nations and many governments subsequently recognized these name changes, although some countries (such as the United States, several European countries and Australia) still refer to the country as Burma. While the SLORC/SPDC claims that it has simply re-instated the original transliterations for the country, its political opponents regard the name change as illegitimate. The opposition movement calls on a boycott of the name 'Myanmar' as a form of protest against the regime's human rights abuses and lack of consultation regarding the change.

² The Karenni are a sub-group of the Karen.

³ Amnesty International, *Myanmar: Exodus from the Shan State*, July 2000, London.

⁴ David I. Steinberg, 'The Problems of Myanmar and Myanmar's Problems', a paper delivered at the Asia Regional Consultation on Social Cohesion and Conflict Prevention, 16-17 March 2000, Manila, p.3.

⁵ Quoted from interview with Lt.-Gen. Khin Nyunt, *Asiaweek*, 'We Restored Order', 17 December 1999.

dominance of every aspect of politics, society and economy. A massive expansion of the armed forces - the Tatmadaw - between 1989 and 1995 helped the regime win ceasefire agreements with many of the ethnic insurgent groups it has been fighting for decades.

But the success of the Tatmadaw has come at a heavy price in large-scale violence, massive resettlement and systematic repression. And there is a possibility that the regime's current hold on power will simply crumble under its own weight through its failure to consolidate its control of the outlying areas of the country. The scant evidence on the inner workings of the armed forces does not allow any confidence about how long it will be before such a collapse occurs. It may take a number of years from now, or it may not occur at all, but if it does happen before the opposition forces are better organised and better resourced to take power and before the majority of the armed forces are reconciled to civilian rule, a return to civil war is inevitable.

This background paper examines the nature and underpinnings of military rule in Burma/Myanmar. A necessary starting point for understanding likely mechanisms for change is a comprehensive accounting of the strengths and vulnerabilities of the regime. Without a detailed understanding of the present position, it is difficult for those supporting peaceful democratic change in Burma/Myanmar to know where to begin in mobilising pressure against it.

II. POLITICAL UNDERPINNINGS: THE REGIME

Burma/Myanmar is a country of 50 million people,⁶ with an immensely diverse ethno-geography. Since gaining independence in 1948, it has been confronted by a communist insurgency which ended in 1989, drug-related violence, and ethnic insurgencies, some of which persist today. For many in the country's border regions civil war has been a way of life, leaving a legacy of underdevelopment and unresolved differences. Political structures and institutions for the political accommodation of ethnic diversity have not been developed. Statehood and nation building in post-independence Burma/Myanmar have been shaped by the armed forces leadership.⁷ The Burmese state is essentially a military-dominated, unitary system, which until 1988 functioned in self-imposed isolation from the outside world. The present regime has opened up the country to some extent, but it remains deeply suspicious of and resistant to external criticism and interference.

A degree of liberalisation by the military-backed regime in the late 1980s unleashed massive popular discontent and led to a country-wide pro-democracy uprising in 1988. At first, the crack-down was conducted in an ad hoc fashion, but it escalated

⁶ New estimate released by the government. See 'Myanmar Population Cross 50 Million', *Times of India*, 13 July 2000 (www.indiatimes.com).

⁷ The term 'praetorianism' encapsulates this situation where the military class exercises independent political power within a society by virtue of an actual or threatened use of military force. Cited in James F. Guyot, 'Burmese Praetorianism' in Uta Gärtner and Jens Lorenz (eds), *Tradition and Modernity in Myanmar* (Berlin: Fakultätsinstitut für Asien- und Afrikawissenschaften, Humboldt Universität zu Berlin, 1994), p 129.

sharply after a series of grave miscalculations by the governing Burma Socialist Program Party (BSPP). The unrest arose first and foremost from popular discontent against massive price hikes, especially for rice, in the wake of failed monetary reforms in 1987 (including a demonetisation which wiped out the savings of many Burmese) and a decade of failed economic management. Students were active in the leadership of the protests which ultimately led in March 1988 to a number of fatal attacks by troops on demonstrators, with the attacks increasing in severity and casualty counts. In the ensuing political crisis, the leader of Burma's one party government since 1962, U Ne Win, announced to an emergency BSPP congress not only his resignation but a plan for a referendum on a multi-party system of government. This opening of the door to democracy opened the floodgates on a process of mass political activism that resulted not only in the collapse of BSPP authority but also in a series of violent incidents involving the armed forces. Ostensibly to restore political order, and using the name State Law and Order Restoration Council (SLORC), the armed forces leadership took power on 18 September 1988 and imposed martial law in a bloody clamp-down that resulted in an estimated 10,000 deaths by the end of the year.⁸

After taking control the SLORC abolished the *Pyithu Hluttaw* (People's Assembly) and suspended the 1974 military-imposed constitution, promising multi-party elections after law and order had been restored. SLORC may have claimed a temporary role (as the name suggested), but in practice it set about - as subsequent events confirmed - consolidating long-term military control of the country. As with General Ne Win's Revolutionary Council between 1962 and 1971, the SLORC worked to create the institutions to embed itself and its military successors in power for many years to come,⁹ reproducing its formal administrative structure throughout the country, with Law and Order Restoration Councils (LORCs) at the state/divisional, district, township and village levels. Military Region commanders exercised informal authority over nearly all local and provincial affairs throughout the seven states and seven provinces of the country.

Against expectations, in February 1989 the SLORC announced, and in May 1990 held, the multiparty elections for a new national assembly that it had promised when taking power. The primary motivation appears to have been the resumption of Western aid cut off after the 1988 coup; it was also apparently assumed that no single one of the plethora of new opposition parties could win a workable majority and that the SLORC-sponsored National Unity Party (the BSPP by another name) would be the dominant party. In the event, in a vote that became a referendum on the SLORC, one opposition party achieved a landslide victory – the National League for Democracy (NLD), led by Daw Aung San Suu Kyi, the daughter of the independence hero and 'martyr', General Aung San, who had been assassinated in 1947. With 52.9 per cent of the vote, the NLD won 392 seats out of 485 in the new assembly – as against ten seats for the NUP with 25 per cent of the vote.

⁸ See Martin Smith, *Burma: Insurgency and the Politics of Ethnicity*, Revised edition, The University Press, Dhaka, 1999, pp.41-6. Smith acknowledges that the number killed will never be known with great accuracy but is confident that the number is of this order.

⁹ Robert H. Taylor, 'Myanmar: Military Politics and the Prospects for Democratisation', *Asian Affairs*, 29, 1, February 1998, pp. 7-8.

Shortly after the crushing blow of the election defeat, the SLORC declared that the elections were not for a parliament that would itself legislate or form a government but simply for a constituent assembly which had the task of drafting a new constitution. The issue of the status or role of the assembly once elected had been the subject of a number of contradictory or ambiguous statements made in the lead up to the election. While support can be found for the propositions that the assembly both was and was not intended to be more than a constituent assembly,¹⁰ the most plausible analysis is that the SLORC had never contemplated losing control of the assembly, assuming that - while the election would present well internationally and allow some orderly expression of discontent - it would operate essentially as an Indonesian style rubber stamp for whatever course of action, including on constitutional structures, the governing regime chose to follow. In the event, the assembly was not allowed to play any effective role at all, even as a drafting body.¹¹ Any hopes there might have been for a democratic breakthrough in 1990 were quickly extinguished, and have remained so since.¹²

The SLORC was officially dissolved on 15 November 1997, reformulating itself as the SPDC. No major policy shifts as such occurred in this change, and the former LORCs were simply renamed Peace and Development Councils. In the transformation, however, a number of former SLORC members were 'allowed to resign', thereby purging a substantial number of notably corrupt members who were then required to report to the National Intelligence Bureau for investigation. Of the fourteen members removed from the 21-member SLORC, thirteen were lieutenant generals aged in their 60s (the same age group of the top regime generals). The new SPDC men were in their 40s and 50s. By this means, the regime has sought to accommodate 'the process of sub-elite replacement, a necessary condition for long institutional tenure'.¹³ A further dimension to the reorganization of the SLORC into the SPDC was an attempt by the central regime leadership to further curb the large political and military power bases, which included lucrative and illicit activities, enjoyed by the military regional commanders since 1988.

According to foreign military sources personally familiar with the leaders, every decision of political importance in Burma/Myanmar gets put through the 'top five' SPDC leaders, or at least the 'top three'. But little is known about how these processes work. Apart from twelve two-star generals from the military Regional Commands, the SPDC comprises:

¹⁰ See for example General Saw Maung, Radio Burma, 9 May 1990, *FBIS Daily Report – East Asia*, 14 May 1990, cited in Ravi Tomar, 'Burma since 1988: The Politics of Dictatorship', Legislative Research Service, Australian Parliamentary Library, 14 December 1992 (accessible from www.aph.gov.au); and as cited from January 1990 to apparently opposite effect by Bertil Lintner in *Burma in Revolt: Opium and Insurgency since 1948* (2nd ed. Silkworm Books, Bangkok, 1999) p.383. See also Maung Aung Myoe, *The Tatmadaw in Myanmar since 1988: An Interim Assessment* (Strategic and Defence Studies Centre, Australian National University, Canberra, November 1999) and Smith, op.cit., p.415.

¹¹ See further on the constitutional drafting process Section D below.

¹² The role of the democratic opposition within Burma/Myanmar is further discussed in Part V below.

¹³ James Guyot, 'Burma in 1997: From Empire to ASEAN', *Asian Survey*, xxxviii, 2 (February 1998), p. 195.

Senior General	Than Shwe	Chairman of the SPDC Tatmadaw Commander-in-Chief Head of State Prime Minister Defence Minister.
General	Maung Aye	Vice Chairman of the SPDC Army Commander-in-Chief
Lieutenant General	Khin Nyunt	Secretary 1 of the SPDC
Lieutenant General	Tin Oo	Secretary 2
Lieutenant General	Win Myint	Secretary 3
Rear Admiral	Kyi Min	Navy Commander-in-Chief
Brigadier General	Kyaw Than	Air Force Commander-in-Chief

Information about these officers is very sparse, with little more on the public record than brief information on their assignments. Than Shwe was born in 1933 in Kyaukse, educated to secondary level and joined the army in 1953, and served in psychological warfare posts. He rose rapidly through the ranks and became Brigadier-General and Southwest Commander in 1983; Vice-Chief of staff in November 1985; and Lieutenant-General in 1987. A member of the SLORC since its formation on 18 September 1988, and a full general in March 1990, he took over from General Saw Maung as Chairman of the SLORC in April 1992, and subsequently became Chairman of the SPDC. Than Shwe is ill and is expected to step down within the near term future.

Maung Aye has a reputation as a battle-hardened 'blunt bloody soldier',¹⁴ impetuous and less restrained in expressing his views. He prides himself on being a devout Buddhist, but this must be seen against his support for repressive measures and his approval for an Indian extreme right political group to open an office in Rangoon/Yangon on the basis of the proposition that Buddhism and Hinduism are culturally linked.

Khin Nyunt was born in 1939 and studied psychology at the University of Rangoon without completing his studies. He began his military career in the infantry, before moving to military intelligence. He has not been directly involved in combat. He was appointed head of military intelligence in 1983. A member of SLORC from the outset, Khin Nyunt has benefited from the backing of Ne Win. The conventional wisdom paints Khin Nyunt as the regime's 'strongman'.¹⁵ He is known to be smart and dedicated to his country and to maintaining the regime. Highly energetic, he either chairs or sits on at least fifteen working committees and addresses and controls every cabinet meeting.¹⁶ In comparison with Maung Aye, he is 'more

¹⁴ ICG interview.

¹⁵ It is difficult to be too authoritative on these characterisations. For example, some sources say that Khin Nyunt is extremely hard-working and cite the fact that he often sleeps in his bed at intelligence headquarters in the War Office rather than going home. Others interpret this choice of sleeping location as evidence of his fear of assassination.

¹⁶ Bruce Hawke, 'Spy Chief Cements Control in Reshuffle', *Deutsche Presse-Agentur*, 21 November 1998.

worldly' and sophisticated, and recognizes the importance of managing public opinion. Moreover, Khin Nyunt has been instrumental in brokering and managing the ceasefires with the former Communist Party of Burma/Myanmar insurgents, drug warlords, and ethnic insurgents. He has been responsible for efforts to restore something of the international credibility of Burma/Myanmar through vigorous propaganda and skillful diplomacy. An ethnic Chinese, he is close to the Chinese government.

Notwithstanding the lack of extensive information on the individual personalities, certain judgments can be made from the available information and from the sort of government they run. Their ruthlessness in government appears to be matched by a strong appreciation of the psychological aspects of domestic politics and international affairs. These men do not blink easily, and feel beholden to few.

After the re-organisation of the regime from the SLORC to the SPDC, the power of the cabinet was diminished, with some of the most powerful SLORC cabinet ministers being dismissed.¹⁷ Than Shwe is the only SPDC member concurrently in the cabinet. Underneath the cabinet level, active and recently retired military officers dominate senior positions in the ministries.¹⁸

A. The Role of Ne Win

In Burma/Myanmar's highly personalised political culture, the role of General Ne Win may be a key to understanding the country's future. Ne Win was the military commander most responsible for the survival of the civilian government in Burma/Myanmar's civil war from 1948 to 1952, and dominated government until 1988, personally approving all senior appointments during those years. Though he officially stepped down in 1988, citing the failure of the Burmese road to socialism,¹⁹ many analysts believe that he has been a major force for cohesion in the military regime since then²⁰ - certainly there was strong evidence of this in the first years after 1988 - and that his death would alter the internal power balance in the SPDC. It has been generally assumed, for example, that Khin Nyunt, the chief of intelligence, is very close to Ne Win. Of course, the notion of a power struggle and the possibility of a split in Tatmadaw has been a highly sensitive matter about which official sources remain extremely guarded. Official spokesmen deny that Ne Win has any continuing role. Certainly his age - now 90 - suggests that any influence he retains is exercised more in his name by his proteges than by him directly. But it is a common assumption that as long as Ne Win lives, there will be no power struggle in the top of the SPDC.

¹⁷ Mary P. Callahan, 'Cracks in the Edifice? Military-Society Relations in Burma since 1988', in Morten B. Pedersen, Emily Rudland, R. J. May (eds), *Burma: Strong Regime, Weak State?* (Adelaide: Crawford House Publishing, 2000), p. 26.

¹⁸ The newly created Ministry for Military Affairs that came with the SPDC in November 1997 is headed by a Khin Nyunt loyalist and former commander of the unit which violently suppressed the 1988 pro-democracy uprising (the 22nd Light Infantry Division), Lt.-General Tin Hla. Ministries are listed in the government's 'Myanmar Bluepages' website at <http://www/myanmars.net/bluepages/ministries.htm>.

¹⁹ I. P. Khosla, 'Myanmar: Cohesion and Liberalism', *Strategic Analysis*, February 1998, Vol. 21, No. 11 (www.idsa-india.org).

²⁰ Steinberg, op. cit., p. 33.

B. Intra-regime Rivalry

Observers have identified two 'factions' at the upper levels of the regime and have dubbed these 'moderates' and 'hardliners', owing loyalty respectively to Khin Nyunt (military intelligence background) and Maung Aye (battlefield and psychological warfare background). According to one long-term observer of the military, 'these factions need each other more than they want each other.'²¹ The intelligence faction has been very unpopular with the military commanders loyal to Maung Aye for the amount of disproportionate power it enjoys (including spying on the army). For instance, since the early 1990s, intelligence branches and companies outside Rangoon/Yangon have been permitted to report directly to the capital, rather than going through the regional military commands.²² Maung Aye on the other hand enjoys the support of the armed forces as a whole (with the exception of intelligence), especially the loyalty of the army's powerful Regional and Light Infantry Division commanders. The regime's Secretary 2, Lieutenant-General Tin Oo, is a loyal supporter of Maung Aye who runs the army as its Chief of Staff. By contrast, Secretary 3 is an ally of Khin Nyunt.²³ In addition, it was recently reported that Maung Aye informed the powerful United Wa State Army ceasefire group (who have been until now close to the ceasefire broker Khin Nyunt) that in future they would have to report to him.²⁴

This 'power struggle' between the intelligence and army, centred around Khin Nyunt and Maung Aye, has been balanced by two key factors to date: the role of SPDC Chairman Than Shwe as a moderator between the factions, and the special protégé relationship enjoyed by Khin Nyunt with the regime's unofficial patriarch Ne Win.

Most recently, speculation has arisen that the strongman position of Khin Nyunt and his powerful intelligence faction could be displaced by Maung Aye if Than Shwe is unable to continue as SPDC Chairman, or indeed if Ne Win should die. Reports about an ailing Than Shwe add to the speculation about the future implications of a more open power struggle between the factions. In early May 2000, Than Shwe (who is reported to be very ill) intimated his intention to retire from his position as SPDC Chairman, but was urged by his colleagues not to resign.²⁵

A more open power struggle between Khin Nyunt and Maung Aye in the event of Than Shwe's departure may also influence the regime's position on China. Khin Nyunt is seen as pro-Chinese while Maung Aye is said to be concerned about the country's heavy military dependence on China and the large flow of Chinese immigrants into the north.²⁶ India, concerned for some time about Burma/Myanmar's

²¹ ICG interview.

²² Andrew Selth, 'Burma's Intelligence Apparatus', *Intelligence and National Security*, 13, 4 (Winter 1998).

²³ ICG interview.

²⁴ 'Troubled Regime', *Far Eastern Economic Review*, 29 June 2000.

²⁵ 'Burmese Leader Wants to Quit', *Far Eastern Economic Review*, 22 June 2000.

²⁶ On Burma/Myanmar's close ties with China, see Kay Merrill, 'Myanmar's China Connection: A Cause for Alarm?', *Asia-Pacific Defence Reporter* (1998 Annual Reference Edition), pp. 20-21.

close ties with China, has lately been active in encouraging a more independent foreign policy approach by the country.²⁷ Since January 2000, India's army chief General Ved Prakash Malik, has visited Burma/Myanmar twice, and General Maung Aye has visited India.

C. Legitimacy and Security Ideology

The regime's 'national security' ideology equates the security of the state with that of the regime and the Tatmadaw.²⁸ This ideology is a brand of state nationalism based on the so-called 'three national causes': non-disintegration of the Union; non-disintegration of national solidarity; and perpetuation of national sovereignty. In pursuit of the expressed objective 'to build a peaceful, modern and prosperous nation', the government has also defined 'twelve objectives' (divided into three areas: political, economic and social) and 'four desires'.²⁹

Underscoring the implementation of its objectives the regime declares its intolerance of any opposition to its own program. News media and signboards around the country carry this omnipresent warning to potential dissenters:

'Oppose those relying on external elements, acting as stooges, holding negative views; Oppose those trying to jeopardize stability of the State and progress of the nation; Oppose foreign nations interfering in internal affairs of the State; [and] Crush all internal and external destructive elements as the common enemy.'

These kinds of slogans are more than simple propaganda and rhetoric – the Tatmadaw is thoroughly inculcated with this message and has long demonstrated its commitment to this version of 'national unity'. This support for the state ideology from within the armed forces is certainly based in part on coercion by the security apparatus, but Burma/Myanmar is a highly 'contested state', with great ethnic diversity, a long history of civil war, and with many of its fundamental problems remaining unresolved. Any military government can draw on fairly natural support from its members for continued domination by it of the country by appealing to fears of national disintegration.

The broad central theme of the military regime's 'national security' ideology revolves around the concept of 'national unity'. An official government publication expresses its quest for national unity:

²⁷ In early July 2000, India's army chief paid an official visit to Burma/Myanmar to meet with Than Shwe and Maung Aye (Khin Nyunt was away on his own visit to Pakistan). BBC radio, 'Indian Army Chief in Burma', 4 July 2000, GMT 13.09 (U.K).

²⁸ See for example, Tin Maung Maung Than, 'Preoccupation with Regime Survival, National Unity, and Stability' in Muthiah Alagappa (ed.), *Asian Security Practice: Material and Ideational Influences* (Stanford: Stanford University Press, 1998), pp. 390-416.

²⁹ Each of these components reflects the ruling regime's own program, such as the four 'political objectives': 'Stability of the State, community peace and tranquility, prevalence of law and order; national reconsolidation; emergence of a new enduring State Constitution; [and] building of a new modern developed nation in accord with the new State Constitution'.

‘What did the Tatmadaw do at the time of the four political crises of 1948, 1958, 1962 and 1988? Had the Tatmadaw kept itself aloof in those days, the country would have been destroyed four times over. Had the Tatmadaw not taken over power, particularly in 1988, the Union would now be in shambles and bloodshed would have continued.’³⁰

Senior General Than Shwe referred again to these ‘four crises’ in his Armed Forces Day speech on 27 March 2000, with a warning to ‘pessimists depending on foreigners’ who ‘are jealous of our Tatmadaw’s efforts to achieve all-round development of the country’.³¹ In this formulation, all resistance to the (military-controlled) state is deemed illegitimate, anti-national, and possibly foreign-inspired.³² For its part, the Tatmadaw believes that it exclusively embodies the nation’s destiny and goals, and it is intolerant of political pluralism which is viewed as damaging to national unity and therefore to national security.

Further, the Tatmadaw has been historically suspicious of democratic – civilian-based or civil – politics, which it sees as incompetent. Burmese scholar Chao Tzang Yawngghwe observes that military or military-backed governments have sought to ‘immunize’ the state from ‘the problems of society by elevating the state above society’. One historical basis for the Tatmadaw’s state ideology relates to the army’s role in winning independence from the British in 1948 and the development of the Tatmadaw as a powerful institution of control after Burma/Myanmar’s early years of insurrection and disarray.³³ The large \$9 million Defence Services Museum in Rangoon/Yangon, dedicated to the genealogy of the Tatmadaw, has also been attempting to rewrite history to downgrade the historically elevated role of Aung San (Aung San Suu Kyi’s father) as the father of independence and the modern Burmese armed forces.³⁴

In seeking to legitimise its role, the regime has sought to eliminate its opponents within the country. Importantly, the regime has nullified the most compelling challenge to its legitimacy: the result of the 1990 elections in which the National League for Democracy (NLD) won an overwhelming victory with, as has been noted, 392 seats in the 485 seat legislature, compared to the pro-regime National Unity Party result of 10 seats. It has also waged campaigns to crush the NLD, using propaganda in the state-run media aimed at Aung San Suu Kyi labeling her as an ‘axe-handle’ (the handle of the axe used by foreign opponents to chop up the country), ‘destructionist’, and a ‘minion of neo-colonialists’, among other hostile characterisations. In substantive terms, measures such as pressure on the NLD for its members to ‘voluntarily resign’³⁵ and the closing down of party offices have

³⁰ Nawrahta, *Destiny of the Nation* (Yangon: The News and Periodicals Enterprise, 1995), p. 23.

³¹ *The New Light of Myanmar*, 28 March 2000, p. 1.

³² Chao-Tzang Yawngghwe, ‘Burma: The Depoliticization of the Political’ in Muthiah Alagappa (ed.), *Political Legitimacy in Southeast Asia: The Quest for Moral Authority* (Stanford, California: Stanford University Press), p. 175.

³³ Mary P. Callahan points out that, according to one ‘official history’ source, by 1949 75 per cent of towns in Burma/Myanmar had fallen to one insurgent group or another. Mary P. Callahan, *The Origins of Military Rule in Burma* (PhD dissertation, Cornell University, May 1996).

³⁴ Callahan, ‘Cracks in the Edifice?’ pp. 28-33.

³⁵ A recent figure put the number of NLD member ‘resignations’ at around 50,000. ‘Myanmar Papers

aimed to reduce the NLD into an 'empty egg shell' which can be easily crushed.

The regime is highly suspicious of external efforts, especially by Western countries, to promote democracy. Pressure for change is viewed as interference based on outsiders' misperceptions and misunderstanding of Burma/Myanmar's complex circumstances, the Burmese mentality, and the military's special role in the country. Critics are viewed as 'destructionist', neo-colonialist opponents who seek to interfere and undermine the development process.³⁶ Responding to this year's session of the United Nations Commission on Human Rights, for example, the SPDC saw the recommendations of the Special Rapporteur as 'biased, partial and politically motivated' in its negative portrayal of the government.³⁷

Instead, the government enunciates the notion of 'disciplined democracy' on its own terms. The military's idea of 'discipline-flourishing democracy', which is used to counter criticisms against the regime for its lack of progress towards democracy, reflects its national security ideology and means for the containment of change within the structures and laws of the regime. 'Myanmarness' or 'Myanmarification' is another version of this ideology, which attempts to represent the image of unity and solidarity within the country.³⁸ Since 1992, the regime has also propagated Buddhism for its legitimacy and national unity.³⁹

In its approach to ethnicity, the emphasis on unity predominates over pluralism or diversity. The common reference to the country's '135 national races' in day-to-day discourse is intended to highlight the prospect of chaos, and that the huge diversity could disintegrate at any time. The regime's appeal to 'national reconsolidation' (compare the opposition NLD's use of the term 'reconciliation') underscores its policy. And under the auspices of Ministry of Progress of Border Areas and National Races and Development Affairs, it has gone about transforming counterinsurgency campaigns into 'development' programs in the border regions.

D. The New Constitution

The regime proposes to institutionalize its solutions for the 'non-disintegration of the Union' in its new constitution. Despite the claim by the regime that it will not always hold onto power, it refuses to allow the process of change to proceed, including the completion of the National Convention for its new constitution, until it has successfully crushed all dissent and challenges to its own position of power. Khin Nyunt expresses the process thus:

Say Opposition NLD Should be Banned', Reuters, 5 July 2000.

³⁶ Lieutenant-General Khin Nyunt was quoted as saying that the regime would never be a democracy 'under the influence...forcibly shaped by some Western nations'. 'Myanmar Says Wants Democracy But Not Under West', Reuters, 19 June 2000.

³⁷ Myanmar Information Committee, 'Information Sheet No. B-1316 (I): Special Rapporteur's Report Highly Biased Against Myanmar and as Derogatory as Previous Reports', 2 April 2000.

³⁸ See Gustaaf Houtman, *Mental Culture in Burmese Politics: Aung San Suu Kyi and the National League for Democracy* (Tokyo: Institute for the Study of Languages and Culture of Asia and Africa, 1999), pp. 59-80.

³⁹ *Ibid.*, p. iv.

Once the new Constitution has emerged, power will be transferred to a constitutional government. This will happen a lot faster if the negative elements inside the country would stop fomenting unrest. Democracy would also come sooner rather than later if outside powers would stop applying undue and unwarranted pressure and would stop imposing sanctions. [They should] concentrate their efforts on furthering the cause of the whole population of Myanmar, instead of one individual and her organization.⁴⁰

The regime tries to give the impression that it has a transition process under way to move the country to democracy, but any such process has effectively stalled. The main tool of the regime transition process is a hand-picked National Convention established to draft a new Constitution which opened on 9 January 1993 (and from which the NLD delegates withdrew, in despair at the form of constitution being imposed, in March 1996). The regime has tightly managed every aspect of the drafting process in the National Convention and has determined how the revised constitution should allow for its continued control. It provides for military control over the legislature and executive branches of government, with 25 per cent of seats reserved for the appointment of Tatmadaw officers in both houses of parliament – 110 out of 440 seats in the 'lower house' (*Pyithu Hluttaw*) and 56 out of 224 in the 'upper house'. In addition, the future president will be required to have military experience, and the three key security portfolios (defence, internal affairs and border areas) are to be reserved for military officers (reflecting the military's traditional suspicion of civilian politicians 'meddling' in security matters). The collapse of the *dwifungsi* system of the Soeharto regime in Indonesia that provided the SLORC with inspiration does not seem so far to have changed the Burmese regime's approach to its own constitutional process.

E. Office of Strategic Studies: A New Brain for the Regime

In 1994, the regime added the 'think-tank' Office of Strategic Studies (OSS) to its intelligence apparatus as the Tatmadaw's 'political wing'. A small but powerful body answerable to Khin Nyunt as its Chief, the influence of the OSS, however, extends beyond its status as a semi-academic strategic think-tank to direct key functions of government.⁴¹ The OSS is divided into five departments covering foreign affairs, narcotics, security, ethnic affairs, and science and the environment, and provides policy direction to government on all key issues. Organisationally, it is located within the Ministry of Defence, above the Directorate of Defence Services Intelligence (DDSI) in the defence hierarchy (Khin Nyunt heads both the OSS and DDSI). Officers of the OSS are all drawn from the ranks of the DDSI and tend to be the best-educated among the new generation of army officers. Responsible for the management of political crises and public relations, the OSS has also sought to cultivate a more sophisticated external public image for the regime, organizing

⁴⁰ *Asiaweek*, 'We Restored Order', 17 December 1999, p. 36.

⁴¹ The creation of the OSS was also used to justify the promotion of Khin Nyunt to the rank of Lieutenant-General. See Selth, 'Burma's Intelligence Apparatus', *Intelligence and National Security*, p. 50.

various seminars on its key policy areas (co-sponsored by agencies such as the Japanese Sasakawa Peace Foundation and the Singaporean Information and Resource Centre). Its members are represented at various 'one-and-a-half-track' and 'second-track' ASEAN and other meetings, and it has established links with regional intelligence agencies.

III. MILITARY UNDERPINNINGS: THE ARMED FORCES

The power base of the regime is built entirely upon the Tatmadaw. The large-scale expansion, modernization and diversification in the capabilities of the armed forces since 1988 have provided the coercive underpinnings for its monopoly of the state apparatus and its intended dominance into the future. This enlarged and modernized Burmese military establishment, enhanced by expansion of command and control capacities and its intelligence apparatus, has enabled the regime to establish an unprecedented level of military control over the country. And the dominant component of the Tatmadaw's military doctrine and strategy has been the suppression of anti-government dissent in general and internal insurgency in its border regions.

The Tatmadaw, now the second-largest military force in Southeast Asia (after Vietnam's), has over 450,000 soldiers, having more than doubled in size since 1988.⁴² There are an additional 85,000 personnel in police or militia units. Burma/Myanmar's defence expenditure amounts to around 14 per cent of GNP,⁴³ and the defence sector accounts for over 40 per cent of public sector spending. In terms of the ratio of military to social spending, the annual defence budget is more than double the size of that devoted to health and education combined, and the United Nations Development Program has estimated that arms imports comprise more than one-fifth of Burma/Myanmar's total imports.⁴⁴ The army⁴⁵ is by far the largest of the defence services, numbering some 400,000 personnel in strength. Drawing on scores of new battalions and improved logistical support since 1988, the army has greatly extended its territorial presence in the country, making particular inroads into those previously inaccessible and remote border areas controlled by its insurgent foes.

⁴² On the rationale for this dramatic expansion, see Andrew Selth, 'The Armed Forces and Military Rule in Burma', in Robert I. Rotberg (ed.), *Burma: Prospects for a Democratic Future* (Washington D. C. and Cambridge, Massachusetts: World Peace Foundation/Harvard Institute for International Development and Brookings Institution Press, 1998).

⁴³ 'Myanmar' in *Jane's Sentinel Security Assessment: Southeast Asia*, (Surrey: Jane's Information Group, March-August 2000)

⁴⁴ See Andrew Selth, *Burma's Defence Expenditure and Arms Industries* (Canberra: Strategic and Defence Studies Program, Australian National University, Working Paper No. 309, August 1997).

⁴⁵ Operational command in the field is exercised through a geographically organized framework of 12 Regional Commands, a system of 10 mobile assault Light Infantry Divisions (LIDs), and various coordinating facilities.

A. The Pervasive Intelligence Establishment

The Tatmadaw's pervasive intelligence apparatus underpins its ability to maintain the regime's grip on the country. Enormous resources and effort are put into the surveillance of all potential enemies and dissidents, 'above ground' and 'underground', at home and abroad. A dramatic expansion of military intelligence capabilities since the 1990s has permitted it to monitor and counter potential threats to its power, including from its own personnel.⁴⁶ The National Intelligence Bureau (NIB) is officially the highest intelligence organ in Burma/Myanmar. It is responsible for broad policy and intelligence coordination and reports directly to the SPDC. The largest intelligence agencies outside the Tatmadaw include the Criminal Investigation Department, the Special Investigation Department (or Special Branch), and the Bureau of Special Investigations, which are under the formal jurisdiction of the Ministry of Home Affairs. But the feared Directorate of Defence Services Intelligence (DDSI) is the most powerful intelligence and security organ in Burma/Myanmar and dominates the military intelligence apparatus. Staff members of the NIB are provided by the DDSI, with Khin Nyunt serving as Director of both the NIB and the DDSI. Significantly, the potent role played by the DDSI in Burma/Myanmar is aimed not only at eliminating dissent among the general civilian population but also at compelling loyalty and unity within the ranks of the Tatmadaw.⁴⁷

Burmese people are subject to constant surveillance by the intelligence apparatus, with intelligence collection ranging from 'human intelligence' through highly developed operations for the interception of communications. The DDSI also operates detention and interrogation facilities across the country. The regime's widespread use of informers within Burma/Myanmar and in emigre communities overseas has created a climate of fear and suspicion because people are frequently uncertain who is an informer and who is safe to trust. The regime's enhanced signals intelligence capabilities have contributed to its coercive muscle.⁴⁸ In support of the regime's information warfare activities, for instance, the SLORC established the Defence Services Computer Directorate (DDSC) located in the War Office. In addition to the processing and analysis of a wide range of intercepted telecommunications, a particular responsibility of the DDSC is the monitoring of the import, possession and use of certain types of computer equipment.⁴⁹ This kind of surveillance is complemented by repressive laws such as the Computer Science Development Law enacted by the SLORC in September 1996 which prohibits the use of computer networks or information technology 'for undermining State security, law and order, national unity, the national economy or national culture',⁵⁰ and which punishes breaches by penalties of 7 to 15 years in prison.

⁴⁶ See Selth, 'Burma's Intelligence Apparatus', *Intelligence and National Security*; Desmond Ball, *Burma's Military Secrets: Signals Intelligence (SIGINT) from 1941 to Cyber Warfare* (Bangkok: White Lotus, 1998), pp. 72-84.

⁴⁷ Callahan, 'Cracks in the Edifice?' p. 48.

⁴⁸ See Desmond Ball, 'SIGINT Strengths Form a Vital Part of Burma's Military Muscle', *Jane's Intelligence Review*, 10, 3, March 1998.

⁴⁹ Desmond Ball, *Burma/Myanmar's Military Secrets*, p. 84.

⁵⁰ The State Law and Order Restoration Council, *The Computer Science Development Law, No. 10/96*, The 8th Waxing of Tawthalin, 1358 M. E. (20 September 1996).

B. External Military Partnerships

A particularly close relationship between Burma/Myanmar and China since 1988 has allowed the Burmese regime to expand its armed forces, maintain its grip on power and bring the insurgent groups to the bargaining table. As well as having a substantial economic presence (concentrated in the north), since 1988 China has been Burma/Myanmar's foremost arms supplier and closest diplomatic ally, providing the regime with military equipment amounting to the value of perhaps US\$3 billion.⁵¹ Deals have been negotiated for the delivery to Burma/Myanmar of a large volume and a wide range of arms, including fighter aircraft, naval patrol boats, armoured personnel carriers, helicopters, field and anti-aircraft artillery, small arms and ammunition, as well as communications, electronic warfare, signals intelligence and other technical systems. Comprehensive cooperation arrangements have been negotiated, including joint signals intelligence facilities at several Burmese coastal sites. Also, China has provided Burma/Myanmar with generous 'friendship' terms and conditions for the payment of these supplies. According to *Jane's Sentinel Security Assessment* for March-August 2000, however, Burma/Myanmar turned down a Chinese offer in 1999 of \$100 million in military credits, 'apparently reflecting a determination to reduce dependency on China as an arms supplier'.⁵²

Although the regime's relationship with China is its most important by far, it has developed a number of other notable partnerships, none of them well publicised, with Singapore, Israel and Pakistan.⁵³ The special relationship enjoyed with Singapore is the strongest of these: not only is Singapore Burma/Myanmar's largest foreign investor, but Singapore has provided the SLORC/SPDC with military training, intelligence resources, defence technology transfers and some arms production facilities (to help the regime expand and modernize its own indigenous defence industries). Singapore may also have been a trans-shipment point for arms deliveries to Burma/Myanmar via other countries and for drug money rechanneling into infrastructure and hotel investment. The partnership with Israel involves arms sales, technology transfers and other cooperation in several niche areas of military expertise, which on Israel's part is motivated by commercial imperatives and an avenue (additional to its regional base in Singapore) for influence in ASEAN.⁵⁴ Burma/Myanmar's military links with Pakistan relate to shared strategic concerns about India and their common links to China. But India and Burma/Myanmar have been developing closer relations more recently. During a two day visit to Burma/Myanmar in January, a senior Indian military officer, General Malik, discussed plans to clamp down on the bases in Burma/Myanmar of insurgent groups which have been active in north east India. India is now providing military aid to the SPDC, including uniforms.⁵⁵

⁵¹ See Ball, *Burma's Military Secrets*.

⁵² 'Myanmar', *Jane's Sentinel Security Assessment: Southeast Asia* (Surrey, March-August 2000), p. 332.

⁵³ See Andrew Selth, *Burma's Secret Military Partners*, Canberra Papers on Strategy and Defence (Canberra, Strategic and Defence Studies Centre, Australian National University, forthcoming).

⁵⁴ William Ashton, 'Myanmar and Israel Develop Military Pact', *Jane's Intelligence Review*, March 2000.

⁵⁵ 'China's ambitions in Myanmar: India steps up counter moves' *Strategic Comments*, Volume 6,

In its ties with these particular countries, the regime has been able to diversify the sources of its military supplies and, according to the leading specialist on Burma/Myanmar's armed forces, has been able to gain access to both new Western technology and replacement parts for its old equipment mostly of Western origin. In addition to the expansion and modernization of its own defence industrial base, these partnerships have also significantly enhanced the Tatmadaw's sense of security and survival in the future, with the military government also assured of surviving Western-imposed arms embargoes.⁵⁶

C. Winning the Civil Wars

The regime's policy of negotiating ceasefires individually with ethnic insurgent groups has been one of its main success stories.⁵⁷ This has been achieved as a result of the expansion and enhancement of the Tatmadaw's operational capabilities since 1988. Beginning in 1989, the regime has signed ceasefires with seventeen armed opposition groups, almost all based on non-Burman ethnic communities. The regime has offered the ceasefires under three principles: 'exchange arms for peace', 'return to the legal fold', and participate in the government's National Convention. Khin Nyunt was the key architect of the ceasefire strategy after the collapse of the Communist Party of Burma (CPB) in 1989. Under the ceasefire arrangements, the former rebel armies are permitted to remain armed within certain defined territories, enter into business activities and to receive government assistance for 'border area development' until their future position is institutionalized under the new constitution.

Insurgent groups have fought with the Tatmadaw since 1948. The roots of these conflicts predate independence, but were heightened by the Second World War when ethnic minorities such as the Karen and the Kachin fought with the British while Aung San and his fellow nationalists initially were on the side of the Japanese, although they later switched to fight with the British forces. During negotiations over the terms of independence, ethnic minority leaders demanded that certain rights be guaranteed before they would agree to join the proposed Union of Burma. In the historic meeting at Panglong in February 1947, Aung San signed an agreement with leaders of the Shan, Kachin and Chin ethnic minorities, which paved the way for the foundation of the Union of Burma. Aung San's personal charisma and credibility allowed him to develop a level of trust with some of the ethnic minority leaders. However, after his assassination in July 1947, there was no single figure in the ethnic Burman political hierarchy who was trusted by the different ethnic groups, and indeed no one who paid serious attention to their political demands.⁵⁸

Issue 6, July 2000, International Institute for Strategic Studies, London.

⁵⁶ Selth, *Burma's Secret Military Partners*.

⁵⁷ For a comprehensive summary of ethnic and other anti-government armies in Burma/Myanmar, see Bertil Lintner, *Burma in Revolt: Opium and Insurgency Since 1948* (Chiang Mai: Silkworm Books, 1999), Appendix 3.

⁵⁸ This is a necessary simplification of a vast subject. Martin Smith's *Burma: Insurgency and the Politics of Ethnicity* (Updated Edition 1999, Zed Books, London) is the most comprehensive account available. Bertil Lintner's *Burma in Revolt: Opium and Insurgency since 1948* (Second Edition 1999,

Within months of independence in 1948, the CPB took up armed struggle against the state, and the Karen National Union (who were not part of the Panglong Agreement) were the first ethnic group to rebel, going underground in January 1949. Throughout the 1950s and into the 1960s various other ethnic groups including the Karenni, the Mon, the Shan and the Kachin also took up arms. Until 1988, the armed opposition was divided into two main groups: one headed by the CPB (backed by China) and the other by an alliance of eleven ethnic forces, the National Democratic Front (NDF), which was formed in 1976 with the aim of creating a federal union of Burma. In 1989, the CPB and its armed forces collapsed, splitting into four local armies, based on ethnic ties, and these groups (such as the Wa and the Kokang groups in the Northeast) negotiated ceasefires with the government.⁵⁹ In February 1994, the Kachin Independence Organization (KIO) – established in 1961, and the key military partner in the NDF – signed an official ceasefire agreement.

Three ethnic armed groups remain at war with the Tatmadaw – the Karen National Liberation Army (KNLA, the armed wing of the KNU), the Karenni Army and the Shan State Army-South. (A student-based group, the All-Burma Students' Democratic Front, has not negotiated a ceasefire agreement either). In 1994, after the KIO entered its ceasefire deal, the KNU suffered a critical blow when a group of Buddhist Karen fighters broke away from the Christian leadership of the KNU and established the Democratic Karen Buddhist Army (DKBA), which – backed by the regime – proceeded to attack KNU military positions and civilian refugee camps. In January 1995, the KNU suffered a major military set-back with the capture by pro-government forces of the town of Manerplaw. Subsequent KNU negotiations with the regime in 1995-96 broke down, and the group remains one of those not to have entered a ceasefire agreement.⁶⁰ Its strength is much diminished, and is estimated at no more than 4,000,⁶¹ but fighting continues, with the most recent joint Tatmadaw and DKBA attack on KNU positions reported on 29 August 2000.⁶²

Several Shan armed groups have been involved in insurgent operations since the 1960s, but almost all have entered ceasefire agreements since 1989. Among the most significant is the Mong Tai Army, which is headed by Khun Sa (who is wanted in the USA on drug trafficking charges), and which reached an agreement with the SLORC in January 1996. However, the Shan State Army-South (estimated strength 3,500 troops, including some formerly from the Mong Tai army, who disagreed with the ceasefire) continues its war with the Tatmadaw in the central and southern

Silkworm Books, Chiang Mai) is also essential reading.

⁵⁹ See Martin Smith, *Ethnic Groups in Burma: Development, Democracy and Human Rights* (1994, Anti-Slavery International, London).

⁶⁰ A clear account of the moves towards ceasefire agreements can be found in Martin Smith 'Ethnic Conflict and the Challenge of Civil Society in Burma', in *Strengthening Civil Society in Burma: Possibilities and Dilemmas for International NGOs*, Netherlands and Transnational Institute, (Silkworm Books, Chiang Mai, 1999).

⁶¹ *The Military Balance 1999 – 2000*, International Institute for Strategic Studies (1999 Oxford University Press, 1999).

⁶² *AFP*, 29 August 2000. The DKBA and Tatmadaw are attempting to destroy the logging business which provides the KNU with vital revenue.

areas of the Shan state. The Karenni National Progressive Party was established in 1957, and although it reached a ceasefire agreement with the SLORC in 1995, in fact fighting has continued, albeit sporadically, since then.

The benefits of ceasefire agreements for the people affected are clear, in the sense that civilians in these places are no longer so vulnerable to abuses by the Tatmadaw, including military assault, forced relocations, torture, execution, and the forced labour. However, a ceasefire agreement in and of itself is not enough to ensure peace, stability and development. The ceasefires are one cause of the dramatic reported increase in opium production in Burma/Myanmar from 1280 tons in 1988 to 2560 tons in 1996. One commentator notes that, following the disintegration of the BCP into its constituent ethnic elements, the SLORC negotiated a series of understandings with these groups which 'gave the former insurgents virtual freedom to engage in 'private' business activities, a euphemism for narcotics trafficking.'⁶³ Increased drug production in some areas, most notably the Shan state, has been accompanied by an enormous rise in drug addiction, and accompanying ills, including the spread of HIV.

The Tatmadaw continues to wage its counterinsurgency program in the eastern areas along the Burma/Myanmar-Thailand border where these groups remain active. The Tatmadaw's counterinsurgency strategy, the *Pya Ley Pya* or the 'Four Cuts' strategy (officially endorsed in 1968 and still in operation today) is designed to suppress internal insurgency by cutting the insurgents off from their support system (food supplies, funding, intelligence and recruits) linked to the civilian population.

In some of the remaining contested border areas, the Burma/Myanmar Army is conducting the final stages of its counterinsurgency campaigns, including the relocation of hundreds of thousands of villagers into areas under its control. The continuation of the few relatively low-level insurgencies concentrated in the Karen and Shan states could be seen as in one sense beneficial to the SPDC, in providing a useful justification for the continued expansion of the defence budget, up again in 1999 to K32.6 bn, from K24.5 bn in 1998.⁶⁴

It is important to note that the regime's counter-insurgency strategy since 1989 has not involved large scale battles of the sort that occurred in the 1980s, with search and destroy missions by large numbers of troops. There has not been a large military battle between the regime and any insurgent group since 1988. One of the reasons is that the insurgent groups no longer have the same sort of external backers they once had. It is almost impossible now for them to obtain resupply for major military equipment.⁶⁵

⁶³ Alan Dupont, 'Transnational Crime, Drugs and Security in East Asia' *Asian Survey*, Volume XXXIX, Number 3, May/June 1999, pp433-455.

⁶⁴ *The Military Balance 1999 - 2000*, International Institute for Strategic Studies (1999 Oxford University Press).

⁶⁵ ICG interview.

The sustainability of the government's ceasefire program, however, remains in question. This is discussed later in this report.

IV. ECONOMIC UNDERPINNINGS

In 1989, the military government took the radical step of revoking the 1965 Law on Establishment of a Socialist Economic System and followed this over the next ten years with a series of legal measures to liberalize the economy and move toward a market system. Features have included lifting price controls in agriculture, liberal foreign investment laws, creation of important elements of a financial infrastructure appropriate to a market economy, privatization of government corporations, and in 1996 introduction of a law on developing an information technology industry. The performance record of the economy has been patchy, with good GDP growth rates at the national level, but with increasing impoverishment in the agricultural sector. (See the section below on Vulnerabilities: Economic Fragility). But there are two quite distinct parts of the Burmese economy: the official or legal economy and the black economy, with the black economy being rather more successful.⁶⁶

A. The Legal Economy

Following a decade of poor economic performance in the 1980s, Burma/Myanmar has recorded good economic growth in the 1990s, claimed to have averaged more than 5 per cent every year since 1991/92, with a peak in 1992/93 of 10 per cent according to official figures. Some Asian Development Bank and other foreign economists question the official figures, but still credit Burma/Myanmar with a good growth each year in these years. The three main sources of growth have been liberalisation in favour of the private sector, the inflow of foreign direct investment (FDI), and impressive gains in the first half of the decade in agriculture. The more important growth sectors in the economy in 1998/99 were mining, communications and financial institutions, between them accounting for nearly 50 per cent of GDP growth.

The most important multinational investment has been in the oil and gas sector. After the discovery of two major offshore gas fields (Yadana and Yetagun) with massive proven reserves, multinational investment in this sector took off. The US\$1 billion Yadana gas pipeline joint venture agreement was reached in 1995 between the Myanmar Oil and Gas Enterprise (MOGE), the Petroleum Authority of Thailand Exploration and Production (PTTEP), the French multinational Total and the US. UNOCAL corporation. The result was a 30-year contract for the export of gas via an overland pipeline route into Thailand's power plant in Ratchaburi province.

The armed forces leadership have benefited from this economic upturn, for which they must accept some of the credit. The military's involvement in business has been firmly institutionalized in Burma/Myanmar. This has been achieved through two

⁶⁶ Evidence for this is of course anecdotal but is nonetheless relatively strong. This was the view of several commentators at a workshop on the economy of Burma/Myanmar held at the Australian National University on 7 September 2000.

military enterprises in particular – the Union of Myanmar Economic Holdings Ltd (UMEH) and the Myanmar Economic Corporation. Formed in 1990, the UMEH – jointly owned by the Directorate of Defence Procurement, serving and retired military personnel – has now established itself as the largest indigenous firm with registered capital of 10 billion kyat or \$US1.4 billion at the official exchange rate.⁶⁷ All major foreign investment is conducted through the UMEH via joint ventures; it has established 49 joint ventures with foreign firms since its formation.⁶⁸ It has also amassed a large range of commercial interests in sectors including gem production and marketing, garment factories, wood industries, goods and beverage and other trading companies, supermarkets, banking (the Myawaddy Bank), hotels and tourism, transportation (coach services and the Myawaddy airline), construction and real estate, computers, telecommunications and electronic equipment, and the steel and cement industry.⁶⁹ With no public transparency in its finances, the UMEH provides the military leadership with extensive business opportunities, which have undoubtedly contributed to continued patronage opportunities and officer loyalty within the Tatmadaw.⁷⁰

The Myanmar Economic Corporation (MEC), which comes under the Ministry of Defence, is also a huge enterprise authorized to undertake a wide range of economic activities, including trading companies, agricultural produce, hotel and tourism enterprises, gem and mineral extraction, exploration, extraction and sale of petroleum and natural gas, telecommunications, and all other economic enterprises which were previously government monopolies.⁷¹ Tatmadaw-backed businesses are also run by the Directorate of Ordnance, some of which are commercial ventures and others exclusively for military supplies. According to one Burmese commentator, through the UMEH and MEC in particular, 'the Tatmadaw will be able to maintain its hold on various sectors of the economy.'⁷²

B. The Extra-Legal Economy

Significantly, the 'extra-legal' economy is 'at least as large as' the formal economy.⁷³ According to the US State Department's International Narcotics Control Strategy Report, Burma/Myanmar continues to be the world's largest source of illicit opium and heroin, although production and cultivation began to decline from 1997. The report identified money laundering in Burma/Myanmar and the reinvestment of narcotics profits laundered elsewhere as 'significant factors in the overall Burmese economy' – add to this the country's underdeveloped banking system and lack of enforcement against money laundering which has created a 'business and investment environment conducive to the use of drug-related proceeds in legitimate

⁶⁷ Callahan, 'Cracks in the Edifice?' p. 48.

⁶⁸ Maung Aung Myoe, *The Tatmadaw in Myanmar Since 1988*, p. 11

⁶⁹ Ibid.

⁷⁰ Callahan, 'Cracks in the Edifice?' p. 48.

⁷¹ Maung Aung Myoe, *The Tatmadaw in Myanmar Since 1988*, pp. 12-13.

⁷² Ibid., p. 13.

⁷³ For one of the most comprehensive documents available on the economy of Burma/Myanmar, see U.S. Embassy Rangoon, *Foreign Economic Trends Report: Burma 1997* (Washington: U.S. Department of State).

commerce.⁷⁴

The SPDC has consistently denied involvement in the drugs trade, but the evidence is hard to ignore. While high-profile poppy-burning extravaganzas are laid on for the benefit of the media, some figures cannot be explained away. The money the SPDC has spent on defence has doubled since 1988 as a share of government expenditure, and there may be reason to believe that that the government has financed part of its arms build up over the past decade from taxes levied on heroin refineries.⁷⁵ The long-term implications of such an economic dependence on the extra-legal economy are serious because it prevents a move to the sort of transparency in government finance that is essential both for macro-economic stability and to attract foreign investment. The country will not get the large amounts of development assistance it needs without this transparency. It is perhaps illuminating that the SPDC chose not to publish a yearbook of economic statistics for 1998-99.⁷⁶ Politically, the extra-legal economy is also causing problems for Burma/Myanmar's neighbours, with both Thailand and India expressing public concern over the export of drugs from Burma/Myanmar to their territories.

V. VULNERABILITIES

Notwithstanding the very strong position of the SPDC regime and its string of military successes, it does face a number of threats and it does have apparent vulnerabilities which need to be assessed. The domestic vulnerabilities, actual or possible, include the democratic opposition, the continuing absence of durable settlements with the ethnic insurgents, economic decay and military overstretch. These are discussed below in that order. The degree to which Burma/Myanmar is presently vulnerable to international pressure is also discussed in what follows.

A. The Democratic Opposition and Civil Society

The military regime has quashed its political opposition and continues to repress members of it with a variety of means. Prison sentences handed out in the first six months of 2000 for acts such as illegal possession of a fax machine have been as high as 21 years, and for other political offences, as high as 30 years. This clear determination of the regime to retain its rule of repression is a lesson widely understood, and is reinforced by memories of the brutal use of force in 1988.⁷⁷ When asked to assess the prospects for some new political uprising against the

⁷⁴ *International Narcotics Control Strategy Report, 1998*. Released by the Bureau for International Narcotics and Law Enforcement Affairs, U. S. Department of State, Washington D. C., February 1999. See also Bertil Lintner, 'Drugs and Economic Growth in Burma Today', 'Burma: The Booming Drug Trade', in Rotberg (ed.), *Burma: Prospects for a Democratic Future*, pp. 185-195.

⁷⁵ Alan Dupont, 'Transnational Crime, Drugs and Security in East Asia' *Asian Survey*, Volume XXXIX, Number 3, May/June 1999, pp433-455.

⁷⁶ Donald M. Seekins 'Burma in 1999 – A Slim Hope' *Asian Survey*, Volume XL, Number 1, January/February 2000.

⁷⁷ In the days following the establishment of the SLORC, government troops fired upon protestors, many of them students and young people who took to the streets to protest against ongoing military rule.

regime, a Burma/Myanmar specialist recently observed that 'Suicide is not a normal act'.⁷⁸ This perhaps suggests that while most people will be deterred under normal circumstances from normal political organisation against the regime, if an uprising did occur, the commitment of the rebels would be as fearless as the response would be bloody. There are four main sources of 'democratic opposition' in Burma/Myanmar: the National League for Democracy (NLD), civil society more broadly, students and the monks.

1. The National League for Democracy (NLD)

The NLD was founded on 24 September 1988, just days after the formation of the State Law and Order Restoration Council (SLORC). Aung San Suu Kyi was the General Secretary, while two former senior officers under Ne Win, Aung Gyi and Tin Oo took the key posts of Chairman and Vice-Chairman. (Aung Gyi left the party in December 1988 and Tin Oo replaced him as Chairman). The SLORC, headed by Tatmadaw Chief of Staff General Saw Maung, was established with the declared intention of ensuring 'peace and tranquility' in preparation for 'democratic multi-party elections'.⁷⁹ On 27 September 1988, SLORC promulgated a Political Parties Registration Law, and the NLD registered as a political party. Many other parties subsequently also registered, and there was a burgeoning of political activity in a country where dissent had been suppressed for decades. But while the SLORC then responded with renewed arrests of grass-roots organisers from the NLD and also from student groups,⁸⁰ and generally attempted to prevent the NLD and other democratic groups from gaining political ground, throughout 1989 the NLD in particular consolidated its position. Not least was this through the campaigning efforts of Daw Aung San Suu Kyi, who travelled throughout the country, making speeches and calling for real democracy. With a broad political platform which appealed to all sections of the population, and a figurehead who was the daughter of a national hero, the NLD's position became increasingly prominent. In contrast to the previous year's protests, 1989 saw the emergence of a leader who was indeed a viable alternative to the military – and who was popular with all sections of the population, including the ethnic minorities.⁸¹

Aware of the growing popularity of the NLD and the threat it posed to military rule, SLORC placed Aung San Suu Kyi under house arrest in July 1989. However, this did not prevent the NLD from winning an overwhelming victory at the polls in May 1990 for seats to a People's Assembly. When the NLD secured 392 of the 485 contested seats for the new People's Assembly, it was apparent how badly wrong SLORC's judgement of the political climate had been – and just how many of the Tatmadaw must have supported political change for this result to have been possible. The NLD met in Rangoon/Yangon on 28 July 1990 and adopted a

⁷⁸ ICG interview.

⁷⁹ Burmese Broadcasting Service, 18 September 1988, as quoted in Bertil Lintner, *Outrage!*, Review Publishing Company Ltd, Hong Kong 1989.

⁸⁰ *Burma in Revolt: Opium and Insurgency since 1948*, Bertil Lintner Second Edition, Silkworm Books, Bangkok 1999, p374.

⁸¹ *Ibid*, p375.

resolution calling for the handover of power from the SLORC to a democratically elected government. By the end of July 1990, it was clear that the SLORC did not intend to convene the elected representatives. On 8 August 1990, monks in the northern city of Mandalay took to the streets to mark the second anniversary of the 1988 uprising. They were joined by students and other supporters, and were fired on by the military. In the weeks that followed, the SLORC suppressed peaceful demonstrations with violence, rounded up the leaders of the NLD who were still at liberty and also arrested a number of monks. The brief window for democracy was closed, and has remained so ever since. More than a thousand political prisoners remain in Burmese jails, many of them linked to the NLD. Aung San Suu Kyi was released from house arrest in 1995, but has been confined to Rangoon/Yangon since then, and whenever she attempts to leave the capital, is stopped at military checkpoints. NLD positions have hardened over the years, as the climate in which they have been forced to operate has become ever more difficult.

Despite the overwhelming pressure placed on the practical functioning of the pro-democracy opposition led by the National League for Democracy, it represents a strong symbolic check on the military regime, and certainly a continual irritant to it. The NLD and Aung San Suu Kyi in particular, continue to enjoy a high level of moral support within the country, however muted by the regime, and abroad. While in its determination to eliminate the opposition as an effective alternative in Burma/Myanmar, the military government has the means to impose excessive restrictions on opposition personnel and activities and uses its large intelligence apparatus to intimidate and interrogate all those it identifies with the opposition, the regime does continue to be concerned about the way the opposition's existence highlights the military government's lack of legitimacy in the eyes of Burmese people.

The main elements of the opposition's political program consist of keeping alive the results of the 27 May 1990 democratic election, and calling for progress towards democracy through a tri-partite dialogue between the military, the NLD, and the ethnic forces. When Aung San Suu Kyi marked the tenth anniversary of the 1990 election in May 2000, she reminded the world that the NLD would continue to fight for recognition of the results. After its Party Congress in May 1998, the NLD called upon the regime to convene the parliament from the 1990 poll (with an unmet 21 August deadline).⁸² The NLD formed a ten-member committee, called the Committee Representing the People's Parliament (CRPP) - which has met regularly in Rangoon/Yangon - to take decisions on behalf of elected deputies who have never been able to take office.

The NLD and other key opponents of the status quo want a tri-partite dialogue between representatives from the armed forces, the NLD and ethnic groups. But an ICG source familiar with the regime generals believes that in the current environment, the regime will remain resolutely opposed to dialogue, and there is nothing in their current behaviour to suggest otherwise. Instead, the top military

⁸² Alternative ASEAN Network on Burma, *Ten Years On: A Parliament Denied*, Bangkok, May 2000.

leaders are working to make the opposition 'disappear' and preparing for their own future constitution. After Aung San Suu Kyi was released from formal house arrest in 1995, she and the NLD made a public appearance with the top regime leadership, but this appears to have been largely for political display rather than a substantive development. When Khin Nyunt was recently asked 'Why do you refuse to dialogue with Aung San Suu Kyi?' he responded that the regime had already attempted to enter the process of dialogue and confidence-building, but that by insisting 'there could not be any meeting without the participation of Daw Aung San Suu Kyi', the opposition was 'not sincere and...not interested in meaningful and genuine dialogue'.⁸³ The opposition obviously holds a strongly different position on this issue, claiming a lack of willingness on the regime's part.

The opposition's approach to the military is that it should return to the barracks to perform its legitimate professional function for the country. Aung San Suu Kyi draws on her personal background to appeal for this: 'The army is held in high esteem by our National League for Democracy. Because my father founded the army I have a special attachment and regard for it'.⁸⁴ The NLD manifesto in 1990 stated some broad general principles for the future of the military in the country, although without providing any details. There can be no doubt that any future NLD-led government would envisage a very different role for the Tatmadaw than the one it currently plays in Burmese life. In May 1999, the CRPP asked its Defence Affairs Committee to prepare a report on the establishment of a modern army in a democracy.⁸⁵ While the NLD's commitment to the maintenance of the Tatmadaw is not in doubt, the privileged position of the Tatmadaw elite, and the opportunities for rent-seeking behaviour which have been amply exploited by officers in recent years would be immediately halted under any civilian-led government. The knowledge that this is so contributes to the current stalemate. There are few in the military who would be willing to contemplate the end of their current privileged status. The opposition calls for the strongest possible international support in its struggle, something that Aung San Suu Kyi believes does make a difference in the achievement of 'the fast democratization of our country'.⁸⁶

When compared with its position in May 1990, it is clear that the NLD has been fairly effectively neutralised by the regime. However, it would be a mistake to underestimate its potential power should circumstances change. The majority of the NLD's leadership have served prison sentences, in appalling conditions. In spite of internal differences over the way forward, their resolve appears little diminished in the face of overwhelming odds, and they can draw on an enormous amount of goodwill and support, both domestically and internationally.

⁸³ 'Interview with Lieutenant General Khin Nyunt, Secretary 1 of the State Peace and Development Council, *Facts and Protests*, April 1999.

⁸⁴ Quoted in Andrew Selth, *The Burmese Armed Forces Next Century: Continuity or Change?* (Canberra: Strategic and Defence Studies Centre, Australian National University, Working Paper No. 338, September 1999), p. 14.

⁸⁵ *Ibid.* pp. 13-19.

⁸⁶ 'Daw Aung San Suu Kyi Message to the 56th Session on the UN Commission on Human Rights', Geneva, 5 April 2000.

The NLD on its own in the current political climate is not likely to bring down the SPDC, but the organization will undoubtedly be an important part of any new political order – and no new government will enjoy legitimacy, either with the Burmese people, or abroad, if it excludes the NLD.

2. Civil Society

Not much space exists for civil society in Burma/Myanmar.⁸⁷ Officially registered political parties such as the National League for Democracy have been permitted to operate in theory but they face many restrictions in practice; indeed the NLD does function from its party headquarters in Rangoon/Yangon, where the senior leadership holds regular meetings and discussions with those members and associates who dare to attend.⁸⁸ Video footage shows the NLD undertaking its daily work and meetings (on a range of political, economic and social matters) at its headquarters, evidence and confidence of a functioning opposition, despite the heavy surveillance and other restrictions. But this kind of activity is confined to the NLD meeting room and other quiet discussions in private; otherwise, non-governmental affiliated mobilization by general citizens remains tightly squeezed and dangerous for those involved.

Instead, the government has created its own regime-sanctioned forms of 'civic' organizations. The Union Solidarity and Development Association (USDA), a nation-wide mass mobilization organization, was founded in 1993 to mobilize and institutionalize support for the regime, and now has over 11 million members (representing about 35 per cent of the population aged 15 and over).⁸⁹ The USDA is a civilian front for the regime, though technically it is not a political party (in the way Golkar was for the Indonesian armed forces during the Soeharto era) but a social organization under the Ministry of Home Affairs. The head of the regime, Senior General Than Shwe, also heads the USDA as Patron (Maung Aye and Khin Nyunt are also members of the panel of patrons). Its bureaucratic organization parallels the regime administration and the territorial structure of the military regional commands, and it propagates the regime's 'three national causes' (plus the 'promotion of vitalisation of national pride').⁹⁰ The USDA, whose members compelled to attend mass rallies, is used to denounce the opposition NLD. USDA membership is mandatory for all government employees and sometimes for such fundamental transactions as school enrolment. It has also

⁸⁷ Civil society means the institutions and groupings that are autonomous from government. In the context of Burma/Myanmar, David I. Steinberg specifically identifies these independent groups to include non-profit organizations, religious, cultural, social, professional, educational groups, as well as business-related organizations such as chambers of commerce and trade associations, rather than in broader terms to encompass opposition political parties. David I. Steinberg, 'A Void in Myanmar: Civil Society in Burma', in Burma Center Netherlands (BCN) and Transnational Institute (TNI) ed., *Strengthening Civil Society in Burma: Possibilities and Dilemmas for International NGOs* (Chiangmai: Silksworm Books, 1999), pp. 2-3.

⁸⁸ In early July 2000, however, General Maung Aye was quoted calling for dissolution of the NLD in state-run newspapers, citing that it is 'committing acts causing a great disservice to the Union of Myanmar' and 'colluding with terrorists active at the border in violation of existing laws'. 'Myanmar Papers say Opposition NLD Should Be Banned', Reuters, 5 July 2000.

⁸⁹ The Economist Intelligence Unit (EIU), *Profile 1999-2000, Myanmar (Burma)*, London, 1999, p. 9.

⁹⁰ Maung Aung Myoe, *The Tatmadaw in Myanmar*, p. 8.

engaged in various economic ventures, and at the national level controls several companies, ranging from gems, bus and train transportation monopolies and real estate. The USDA also provides local training courses in English proficiency and computers. The regime has repressed spontaneously organized civil society and replaced it with its own version 'that is pliant and subservient'.⁹¹

Organizations such as the USDA, the Myanmar Red Cross Association and the Auxiliary Fire Brigade, for example, have been organized as 'auxiliary forces' of the Tatmadaw, while other 'NGOs' such as the Myanmar Maternal and Child Welfare Association and the Myanmar Medical Association are located under the umbrella of the Tatmadaw, through the patronage of senior military personnel and their spouses, for the purpose of 'national defence'.⁹²

Liberties such as freedom of thought, expression, association, and movement are subject to heavy restrictions and the control of harsh laws.⁹³ Since the SLORC came to power, the regime has retained existing laws unless otherwise stated in SLORC/SPDC declarations and orders. In relation to freedom of information and expression, some of the most frequently used and notorious laws include the 1950 Emergency Provisions Act (used to sentence NLD members and supporters and other political dissidents), section 109 of the Penal Code, the Printers and Publishers Registration Law (1962), the Official Secrets Act (1948), and also the new law promulgated by the SLORC in June 1996 entitled the 'Law Protecting the Peaceful and Systematic Transfer of State Responsibility and the Successful Performance of the Functions of the National Convention Against Disturbances and Oppositions' which prescribes harsh sentences for anyone verbally criticizing the constitutional convention.⁹⁴

In spite of the current restrictions placed on civil society, the tradition of social organization exists within Burma/Myanmar, and it is to be expected that, should political conditions change, civil society would re-emerge swiftly and with confidence. Lessons learned in prison, as refugees, in student organizations, and in professional organizations in the past have not been forgotten and represent a potentially deep reservoir on which to draw in the future. Burma/Myanmar has traditionally benefited from a diversity of civil groups – including students' unions, writers groups and professional associations - and there is no reason to suppose that this diversity could not quickly be rekindled, in a more conducive political atmosphere.

⁹¹ David I. Steinberg, 'The State, Power and Civil Society in Burma-Myanmar: The Status and Prospects for Pluralism', in Pedersen et. al. (eds), *Burma*, p. 115.

⁹² Maung Aung Myoe, *Military Doctrine and Strategy in Myanmar*, p. 20. On NGO activities in Burma, see Marc Purcell, 'Axe-Handles or Willing Minions?: International NGOs in Burma', in Burma Center Netherlands (BCN) and Transnational Institute (TNI) eds, *Strengthening Civil Society in Burma*.

⁹³ See U. S. Department of State, *1999 Country Reports on Human Rights Practices, Burma* (Released by the Bureau of Democracy, Human Rights, and Labor, U. S. Department of State, 25 February 2000), pp. 10-19.

⁹⁴ Zunetta Liddell, 'No Room to Move: Legal Constraints on Civil Society in Burma/Myanmar', in BCN and TNI (eds), *Strengthening Civil Society in Burma*, pp. 56-68.

3. Students

Educational institutions, and the major universities in particular, are important sites of dissent. Student-led anti-government activism has been a potent force for change in Burma/Myanmar. Students played a large role in the anti-British demonstrations prior to independence, and in July 1962 became embroiled in a major confrontation with the Revolutionary Council, leading to the demolition with explosives of the student union building on the university campus, a building which had been the focal point of political struggle since the 1930s.⁹⁵ Several hundred students were believed killed in these incidents in 1962. Students also took to the streets in 1974, when former UN Secretary General U Thant's body was returned to Burma/Myanmar. This event provided a focal point for general student unhappiness with the country's isolation and their consequent lack of opportunities.⁹⁶ In 1988, student unrest gathered momentum to spark the nation-wide democracy uprising. Student leaders such as Baw Oo Tun (also known as Min Ko Naing) and Moe Thee Zun (also known as Myo Than Htut) were key figures in the democracy movement that grew from the first protests of 1988. Min Ko Naing was arrested in March 1989, tortured and sentenced to twenty years' imprisonment by the SLORC. Moe Thee Zun then fled to the Thai border in April 1989, where he later became the leader of the All-Burma Students' Democratic Front which took up arms against the SLORC. The strategy of the regime has been to close the universities, decentralize the education system and restructure it in such a way that removes the potential for student organized dissent and mass unrest. The military government has been willing to stagnate the country's education system in its attempt to control dissent from this traditional source. Aung San Suu Kyi makes this observation: 'Dictatorships don't really care to educate their people because they prefer to keep their people ignorant and subdued. That is the way of all dictatorships.'⁹⁷

4. Monks

The Burmese Buddhist monkhood (or *sangha*) is another potentially potent force for social justice and change. The question has arisen within pro-democracy circles about whether monks could lead the next challenge to military rule. While the government has effectively undermined the students as agents for revolution, the monkhood – with an estimated membership of some 150,000 (and around 300,000 if novices are included)⁹⁸ – constitute an important moral strength against dictatorship. The *sangha* and other religious organizations, however, have not escaped the regime's strict surveillance and infiltration, as well as efforts to co-opt their members. In 1988, thousands of monks were

⁹⁵ Smith, op. cit., p. 202.

⁹⁶ David J. Steinberg (ed), *In Search of Southeast Asia: A Modern History*, Revised Edition 1987, Allen & Unwin, Sydney, p. 401.

⁹⁷ See Philippe Agret, 'Myanmar's 'Lost Generation'', AFP, 25 May 2000.

⁹⁸ Smith op. cit, p. 7; Zunetta Liddell, 'No Room to Move: Legal Constraints on Civil Society in Burma', in *Strengthening Civil Society in Burma*, Burma Center Netherlands, Silkworm Books, Chiang Mai, 1999, p. 66.

involved in the pro-democracy protests, and in the demonstrations against the establishment of the SLORC. Some were shot dead. The subsequent disrobing and imprisonment of dozens of monks by the SLORC showed the extent to which the regime was prepared to go to impose control over all aspects of Burmese society.

Co-opting the symbols of the nation and Buddhism has become part of the SPDC strategy. The SPDC completed renovations to the Shwedagon Pagoda – Burma/Myanmar's holiest Buddhist site, but also an important national site as well – in 1999. A ceremony held at the site was designed to demonstrate the strength of the regime, for it was at Shwedagon Pagoda in 1988 that Aung San Suu Kyi made her first political speech.⁹⁹

It is impossible to judge from available evidence the degree of political mobilization of the monkhood at present.

B. Ethnic Insurgents

The regime may be seeking to consolidate its control over the ethnic minorities but this process remains fragile. The regime has formulated 'autonomy' plans for ethnic minority groups as part of the 'national reconsolidation' process. It has devised a program in which certain groups qualify for self-administered 'zones' and 'regions' according to principles prescribed in the new constitution.¹⁰⁰ But these plans are about minimizing internal security threats and the regime's own plans for 'national reconsolidation' rather than a politically negotiated outcome for the resolution of long-term ethnic conflict in Burma/Myanmar. It should be noted that the agreements the government has reached with the ethnic insurgent groups are only ceasefires, not final settlements. The government will need to deliver on its promises made to obtain the ceasefires if the ethnic opposition is to remain neutralised. There is already evidence of disquiet among the rank and file of the Kachin forces because their expectation that the ceasefire would be accompanied by progress to political autonomy has not been met.¹⁰¹

While those ethnic groups which are seeking political autonomy within a federal state would without doubt welcome moves to a more democratic and representative government, the same is not necessarily true of all the groups currently in ceasefire. Indeed, such groups pose a future threat to national security and sovereignty, not least because they could still muster considerable fire-power to protect their 'business interests'.¹⁰²

⁹⁹ Donald M Seekins 'Burma in 1999 – A Slim Hope' *Asian Survey* Volume XL, Number 1, January/February 2000.

¹⁰⁰ The regime's plans for the creation of 'self-administered' areas are discussed in Maung Aung Myoe, 'Autonomy and Internal Security in Myanmar since 1988', paper presented to *Workshop on Autonomy and Democracy in the Asia-Pacific* (Darwin: Centre for Democratic Institutions and Regime Change and Regime Maintenance Project, Australian National University, and the International Institute for Democracy and Electoral Assistance, 1-3 March 2000).

¹⁰¹ ICG interview with a Burma/Myanmar specialist.

¹⁰² Alan Dupont, 'Transnational Crime, Drugs and Security in East Asia' *Asian Survey*, Volume XXXIX, Number 3, May/June 1999, pp433-455.

For instance, under deals for the ceasefire forces from the former Communist Party of Burma which fractured along ethnic lines – these are also the large narcotics producers and traffickers – Burma/Myanmar's largest narco-armies have remained in business with their lucrative drug empires. Today the most powerful drug-traffickers in Burma/Myanmar include those armies that reached ceasefire deals with the SLORC in 1989, such as the United Wa State Army (UWSA) and the Myanmar National Democratic Alliance Army (MNDAA, Kokang Chinese).¹⁰³ In addition to heroin, the UWSA has also now become the major producer and trafficker of methamphetamines flowing into Thailand, estimated at an output of 600 million tablets in 1999.¹⁰⁴ The picture is further complicated by the regime's own complicity and involvement in these drug-trafficking activities.¹⁰⁵ Moreover, the government's authority in terms of these groups could prove fragile in the future, especially since such groups as the UWSA have increased the size of their armed forces (to as large as 20,000), and these would be reluctant to give up their lucrative heroin and methamphetamine trade, extensive weapons and other activities.¹⁰⁶ On the part of the government's former insurgent foes, some ceasefire arrangements are more favorable than others. Less powerful (non-narcotic) ethnic groups in ceasefire agreements, such as the New Mon State Party for instance, have found their former influence eroded and some promises dishonoured.

C. Economic Fragility

Notwithstanding its good economic performance according to some national indicators, Burma/Myanmar suffers from a poor macro-economic environment because its reform policies have been partial and have all but stalled.¹⁰⁷ At the same time, the country's agriculture has stagnated. This is a politically important sector because of its place in the national economy and its impact on the lives of most citizens. Over the coming years, SPDC will face a number of key economic challenges, largely of their own making. The prospect of an economic crisis is not remote if the regime does not speed up its reform policies. While the SPDC regularly blames the NLD for its economic woes, because of the NLD's policy of calling for economic sanctions, the reality is that, quite apart from any sanctions, the Burmese economy would be on shaky ground.

¹⁰³ For an overview of the Burma/Myanmar's narco-armies, see Anthony Davis and Bruce Hawke, 'Burma: The Country That Won't Kick the Habit', *Jane's Intelligence Review*, March 1998.

¹⁰⁴ Reuters, 16 June 2000. This massive inflow of methamphetamines, which is bringing serious social problems for Thai youth, is regarded as a major security threat by the Thai military today. There have also been recent reports of UWSA plans to begin mass production of cheap ecstasy to flow into Thailand.

¹⁰⁵ See Desmond Ball, *Burma and Drugs: The Regime's Complicity in the Global Drug Trade* (Canberra: Strategic and Defence Studies Centre, Australian National University, Working Paper No. 336, July 1999).

¹⁰⁶ Bruce Hawke, 'Burma's Ceasefire Agreements in Danger of Unravelling', *Jane's Intelligence Review*, November 1998.

¹⁰⁷ See David Dapice, 'Development Prospects for Burma: Cycles and Trends', in Rotberg (ed.), *Burma: Prospects for a Democratic Future*.

Despite dismantling decades of self-imposed isolation under a centrally-controlled socialist system and the introduction of a market-oriented economy after 1988, Burma/Myanmar is one of the lowest-income countries in the world today – the lowest in Southeast Asia, below Laos and Cambodia.¹⁰⁸ Burma/Myanmar's problems are clearly conditioned by poor economic governance and mismanagement. In a major economic and social assessment of the country in 1999, the World Bank concluded that Burma/Myanmar's poverty and human development problems require fundamental reforms in the current policy regime.¹⁰⁹ A glimpse at economic trends in Burma/Myanmar shows high inflation, a growing overvaluation in the exchange rate, and declining flows of foreign direct investment. The rate of inflation is high at 51.5 per cent, according to the Rangoon/Yangon consumer price index (up from an annual average of 29.7 per cent in 1997).¹¹⁰ The economy also suffers from a hugely overvalued domestic currency, with the official exchange rate of the local *kyat* at 6.3 to the US dollar compared with the free-market/black market rate of around 340 *kyat* (which fell even further to 400 *kyat* by mid-August 2000). Burma/Myanmar also currently faces a rapidly increasing balance of trade deficit and a large net foreign debt (US\$ 5.4 billion),¹¹¹ and the erosion of foreign reserves since the mid-1990s. And the inflow of new foreign direct investment (FDI) approvals have dropped to a low \$29.5 million in 1998/99, compared with \$777.4 million in 1997/98.¹¹²

Foreign investment has declined, and without political change is unlikely to improve greatly. For most Western investors, the negative fallout from investing in Burma/Myanmar is not worth the potential economic benefit. For Asian investors, increasing levels of corruption, lack of qualified local labour and likely future political instability all add up to a less than attractive investment opportunity. Crumbling infrastructure, coupled with chronic under-investment in education and health, will also undermine Burma/Myanmar's economic potential. The likely future cost of coping with what will inevitably be an AIDS epidemic, given current HIV infection rates, has yet to be calculated.

The huge earnings expected for the regime from the Yadana energy project have seen considerable delays (they may begin in 2000/2001), and this provided another obstacle to the SPDC's income from FDI. Moreover, the Yadana pipeline project has been the subject of great controversy, including a legal suit currently underway in the US,¹¹³ from the perspective of human rights abuses associated with the heavy militarisation of the pipeline region. The forced labour issue has also become a very hot issue for the regime in view of the International Labour Organization's discussions¹¹⁴ with the SPDC concerning its 1998 Commission of Inquiry into forced

¹⁰⁸ EIU, *Country Profile 1999-2000*, p. 20.

¹⁰⁹ This report, produced by the World Bank's Poverty Reduction and Economic Management Unit, is currently an unreleased document, restricted to official use only. Some of the major findings were however leaked to international media last year.

¹¹⁰ EIU, *Country Profile 1999-2000*, p. 27.

¹¹¹ Allen L. Clark, 'Myanmar's Present Development and Future Options', *Asian Survey*, Vol xxxix, no. 5, September/October 1999, p. 774.

¹¹² EIU, *Country Profile 1999-2000*, p. 42.

¹¹³ EarthRights International, *Total Denial Continues* (Bangkok, May 2000).

¹¹⁴ 'ILO Mission Opens Talks with Government in Myanmar (Burma)', ILO/00/18, 23 May 2000.

labour.¹¹⁵ On 17 November 2000 - in an unprecedented use of its Article 33, designated for use only in the event of a country failing to carry out its recommendations - the International Labour Organisation (ILO) adopted a resolution calling on members to review their relations with Burma/Myanmar because of grave and sustained breaches of the Convention on Forced Labour.¹¹⁶

The determination to ensure that the universities do not act as a focal point for dissent contributes to the economic stagnation in the country, especially in comparison with its ASEAN neighbours. Skills shortages are already acute, and will become ever more so, not least because of the SPDC's draconian restrictions on access to new technology. In a country where attempting to access the Internet without permission can lead to up to fifteen years' imprisonment, there is little chance of capitalising on the technical revolution for the development of the country's economy. The successful data-entry industry which has developed in India is an example of where Burma/Myanmar is missing out. Education, which was previously of a high standard in Burma/Myanmar, is now a privilege available to the military elite. But the elite alone cannot provide the numbers of graduates required to service a revitalised economy, and the range of places where the children of the military elite can study is narrow, with visa restrictions applying in most of Europe and North America. University classes were reopened at the end of July 2000, after a three year suspension – but students may only attend if they sign a contract pledging to stick to peaceful studies.¹¹⁷

¹¹⁵ The conclusions of this major ILO inquiry found the widespread and systematic use of the practice, with total disregard for the human dignity, safety and health and basic needs of the people. International Labour Organization, *Forced Labour in Myanmar (Burma)*, Geneva, July 1998.

¹¹⁶ The resolution calls on members to take action under Article 33 of the ILO Constitution: ' In the event of any Member failing to carry out within the time specified the recommendations, if any, contained in the report of the Commission of Inquiry, or in the decision of the International Court of Justice, as the case may be, the Governing Body may recommend to the Conference such action as it may deem wise and expedient to secure compliance therewith'. The resolution adopted on 17 November provided for:

Keeping under review the implementation of the Commission of Inquiry's recommendations at future sessions of the Conference so long as Myanmar has not been shown to have fulfilled its obligations;

Recommending to the Organization's constituents that they review their relations with Myanmar and take appropriate measures to ensure that such relations do not perpetuate or extend the system of forced or compulsory labour in that country;

Inviting the Director-General of the ILO to inform international organizations working with the ILO to reconsider any cooperation they may be engaged in with Myanmar and, if appropriate, to cease as soon as possible any activity that could have the effect of directly or indirectly abetting the practice of forced or compulsory labour;

Inviting the Director-General to request the United Nations' Economic and Social Council (ECOSOC) to place on the agenda of its July 2001 session an item concerning the failure of Myanmar to implement the recommendations of the Commission of Inquiry and seeking the adoption of recommendations directed by ECOSOC or by the General Assembly, or by both, to governments and other specialized agencies to ensure that by their involvement they are not directly or indirectly abetting the practice of forced labour;

Requesting the Director-General to submit to the Governing Body a periodic report on the outcome of measures directed to international organizations and the United Nations and to inform those entities of any developments in the implementation by Myanmar of the recommendations of the Commission of Inquiry.

¹¹⁷ AFP, 27 July 2000.

But the agricultural sector may be the regime's biggest economic vulnerability. The formal Burmese economy is dominated by this sector, which accounts for nearly 60 per cent of GDP and employs some 60 per cent of the workforce.¹¹⁸ Heavily dependent on agricultural exports, Burma/Myanmar's rural sector has been subject to recent severe droughts and stagnant outputs.¹¹⁹ In 2000, agricultural output on a per head basis remains below its level in 1985 after a sustained deterioration since 1995. The government's response in adjusting policy settings has been seriously inadequate and has actually aggravated the problems. According to one specialist analysis, the policies have been not only wasteful and environmentally dangerous, but they threaten to exacerbate the already serious problem of rural poverty.¹²⁰

D. Military Overreach

Within the armed forces, the main vulnerability will be the impact of overreach, or overstretch. In the past five years, the Tatmadaw has not had to launch major military campaigns on the scale that it did through much of the 1980s, but in addition to the traditional military operations which do continue, it has been engaged in a more vigorous application of military governance. This higher degree of militarization of society, which has been well-sketched in the ILO report on forced labour in Burma/Myanmar,¹²¹ imposes its own special burdens on military organisation. There are three elements to the question of overreach: materiel, personnel, and operations.

On the materiel side, all of the military equipment, weapons and ammunition used by the Tatmadaw are imported into Burma/Myanmar and must therefore be sent to the field from a central logistic store or stores to a series of regional supply centres. Military operations by the Tatmadaw in most of the country depend for re-supply on long lines of communication through remote areas with poor civil infrastructure. For these military operations to be effectively mounted, the re-supply effort requires careful planning, monitoring and responsiveness. As the ILO report indicates, the Tatmadaw cannot meet its own logistic demands without forcing civilians to carry a large part of the burden on an involuntary basis. The report states, noting that these practices had become more common after 1992 than before:

Myanmar's military and various militias made systematic and widespread use of civilians to provide logistical support. This most commonly involved the use of porters to carry a range of supplies and equipment. ... the treatment of porters, especially during military offensives, was particularly brutal.

¹¹⁸ EIU, *Country Profile 1999-2000*, p. 21.

¹¹⁹ Further, in the regime's bid to boost the state-monopolized rice sector, local rice farmers have been burdened by the arbitrary paddy procurement policy (where people are required to sell a paddy quota per acre to the government at less than half the market rate).

¹²⁰ ICG interview.

¹²¹ *Forced Labour in Myanmar (Burma)*, Report of the Commission of Inquiry appointed under article 26 of the Constitution of the International Labour Organization to examine the observance by Myanmar of the Forced Labour Convention, 1930 (No. 29), Geneva, 2 July 1998, <http://www.ilo.org/public/english/standards/relm/gb/docs/gb273/myanmar3.htm>. See also "People's Tribunal on Food Scarcity and Militarization in Burmar", *Voice of the Hungry Nation*, October 1999.

The overwhelming evidence is that the centralized logistic support system of the Tatmadaw is very weak in the distribution of food and the provision of shelter for troops on the move. The regime has been consistently unable to feed its soldiers in the far-flung outposts, and this has resulted in wide-spread theft of food and other consumables from communities across the country.¹²² According to the ILO report, villagers have been forced into service to construct and repair military camps.¹²³ The significance of this aspect of overstretch is that the sustained Tatmadaw abuses against the civilian population in conflict areas can serve only to undermine the SPDC and Tatmadaw in the eyes of ordinary people, many of whom would not necessarily have been on the side of ethnic insurgent groups or the democratic opposition.

On the personnel side, the regime has not been able to pay its troops to their satisfaction. In April 2000, it was reported that the Tatmadaw announced a four-fold salary increase for its lowest paid troops.¹²⁴ Since such large salary increases are rare in any country's armed forces except under quite extreme duress, the move is strongly suggestive that the military leadership felt that its forces were near revolt – at least over the issue of pay. But the pay issue can only be a reflection of a broader disaffection. The Tatmadaw is having difficulty with recruitment, even under a conscription regime. According to the ILO report, the Tatmadaw has engaged in forcible recruitment of soldiers, including minors, without observance of any legal procedure.¹²⁵ The involvement of the armed forces in the brutal massacres of 1988, and in subsequent years of forced labour and forced migration can only have estranged them from the population, and the effect of this estrangement as a psychological burden on the soldiers can probably not be overcome on an indefinite basis by any increases in salary or indoctrination. As a conscript army, the Tatmadaw will continue to be heavily influenced by popular attitudes.

On the operations side, for any army to sustain vigorous combat actions and civil control actions on the scale that the Tatmadaw is now doing there needs to be in place a sophisticated command and management structure. Otherwise, in combat operations, casualties will be high for the military objectives gained¹²⁶ and

¹²² See People's Tribunal on Food Scarcity and Militarisation in Burma, *Voice of the Hungry Nation*, October 1999, especially pp. 71-73.

¹²³ Para 276.

¹²⁴ *Jane's Defence Weekly*, 26 April 2000 (Reuter's Business Briefing).

¹²⁵ Para. 278.

¹²⁶ For example, one small operation in September 2000 near the Thai border involved three Tatmadaw battalions (about 3,000 men). Over several days they attacked a position on a hill occupied by the Shan State Army (SSA). According to the *Bangkok Post*, the Tatmadaw lost five killed and many injured before any military result was reported except the death of one of the SSA combatants. (*Bangkok Post*, Internet Version, 27 September 2000 (FBIS-EAS-2000-0927)). Regardless of whether the Tatmadaw succeeded in taking the hill, even this low level of casualties cannot be sustained in a conscript army if repeated on a regular basis over the course of ten years. The combat operations being conducted by the Tatmadaw, while not these days involving large-scale battles of the kind waged in the 1980s, are being fought as if they were classic conventional force operations, rather than as civil-military or counter-insurgency operations. The favoured method of combat for the Tatmadaw is 'sweep and destroy'. This is highly ineffective in the absence of wide-spread popular support, but the operations brutalise the local populations.

operational capability of military systems will deteriorate. In civil control operations, poor command procedures and poor decision-making means that the political costs will be high. The evidence cited above suggests that the regime does not have well-tuned command and management structures in place. Even at a very basic level, the Tatmadaw is not appropriately structured to meet the regime's requirements. The overwhelming majority of military personnel are in infantry units rather than in support roles.¹²⁷ Without the necessary support units, combat operations become highly inefficient, wasting both personnel and material resources. The doubling of military expenditure as a percentage of government spending (22 per cent to 44 per cent) between 1990 and 1999 at the same time as military spending as a share of GDP declined by two-thirds (3.6 per cent to 1.3 per cent)¹²⁸ gives some approximate indication of this pattern of waste. As the economy gained in productivity, the armed forces became more inefficient.

Moreover, the rapid expansion of the Tatmadaw, and accompanying rise in arms and equipment acquisitions, have not been met by an equal rise in training and development. Much of the new equipment will be useless if not properly maintained and serviced, and the resources required for this work are not simply financial. A third issue is the possibility of the surveillance structure 'collapsing under its own weight.' It has been noted that 'human rights issues aside, serious questions must be raised about the stability and survival of a system which depends to such an extent on its security services. This is particularly the case given the regime's obvious intelligence failures since the massive popular unrest in 1988, and the extent to which it feels obliged to monitor dissent within the armed forces themselves.'¹²⁹

A more detailed assessment of the ways in which the armed forces are being pushed beyond sustainable limits must await more detailed analysis of military operations and activities. Very little is known outside Burma/Myanmar of the dispositions of the armed forces and their activities and conditions on a locality by locality basis. Given the low strategic interest in Burma/Myanmar by major Western powers, it is highly unlikely that their intelligence agencies document this regularly or comprehensively. Given the place of the military in Burmese government, the fact that this may be the regime's biggest vulnerability, and the fact that Western governments are looking for points of leverage on the regime, such lacunae in both data collection and analysis are important.

E. International Pressure

In 1988, wanting to register their objection to the military's extreme use of force against students, some Western governments imposed limited sanctions on Burma/Myanmar. Over the decade since, in response to the failure of the SPDC to

¹²⁷ There are 245 infantry battalions in the Tatmadaw, at least twice the number of ground force battalions as in the armed forces of Indonesia, a country with more than four times the population of Burma/Myanmar. See IISS, *The Military Balance, 1999-2000*.

¹²⁸ Defence Intelligence Organization, *Defence Economic Trends in the Asia Pacific 1999*, Canberra, 2000, Tables, <http://www.defence.gov.au/dio/index.html>.

¹²⁹ Andrew Selth, *Burma's Intelligence Apparatus*, Strategic and Defence Studies Centre, Working Paper No. 308, Australian National University, Canberra, June 1997.

make a transition to democracy or to end its repressive practices, these Western governments toughened or expanded the scope of the sanctions. The positions of key actors are summarised below, and are followed by a brief comment on the effects of the sanctions.

1. United States

The US was the first country to impose sanctions on Burma/Myanmar in 1988. After the formation of the SLORC on 18 September 1988, the US imposed an arms embargo and suspended financial assistance – much of which had been directed to anti-drug programs. In part because the US Embassy became one of the focal points for the popular protests of 1988, US support for the democracy movement in Burma/Myanmar has been the guiding principle in policy-making toward that country, although this policy interest competes with continuing US interest in soliciting regime support for anti-drug measures. The US does not recognise the SPDC, and has no ambassador in the country. It removed a variety of beneficial trade arrangements over the course of the decade. In 1996, the US Senate passed an amendment to the fiscal year 1997 foreign aid bill¹³⁰ imposing new sanctions on Burma/Myanmar:¹³¹

- suspension on non-humanitarian bilateral assistance,
- US representatives to international financial institutions to vote against any assistance to Burma/Myanmar, and
- a ban on visas for any Burmese government officials.

The amendment also authorised the President to prohibit new private investment in Burma/Myanmar by US persons (corporate or individual) as a 'conditional sanction' on the military regime. President Clinton initiated this investment ban by issuing Executive Order 13047 in May 1997. In April 2000, the Administration renewed the ban on private investment in Burma/Myanmar, and the Congress reaffirmed the foundation of current policy, including the maintenance of economic and political sanctions.¹³²

2. European Union

As with the US, the policy of the European Union (EU) towards Burma/Myanmar has become increasingly firm, in particular because of the indisputable evidence of human rights abuses, and in particular use of forced labour. Initial sanctions were imposed soon after the 1988 formation of the SLORC, with an arms embargo in 1991. In late 1996, the EU adopted a formal Common Position outlining its policy on Burma/Myanmar and detailing new sanctions. After reaffirming the arms embargo, suspension of non-humanitarian aid and severance of military links, the Common Position introduced a ban on entry visas

¹³⁰ Amendment No. 5019, Sec. 569 (a) through (f).

¹³¹ These sanctions were to remain in place until the President determined that Burma/Myanmar had made 'measurable and substantial progress in improving human rights practices and implementing democratic government.'

¹³² H. Con. Res. 328.

for senior members of SLORC and their families and senior members of Burma/Myanmar's military forces, and suspended high-level governmental visits to Burma/Myanmar.¹³³ In 1998, the EU expanded the visa ban to include transit visas as well.¹³⁴ Preferential trade tariffs for Burmese exports of agricultural and industrial goods were formally withdrawn in 1997.

In April 2000, the EU adopted a new Common Position extending and amending the policy of 1996. This action imposed a visa ban and froze assets for approximately 150 persons (and their families) who are associated with the SPDC, the government, the armed forces or the tourism business. In addition, the April 2000 policy banned the sale of equipment that might be used for internal repression or terrorism.¹³⁵

Other European countries (including Cyprus, Malta, Turkey, the Central and Eastern European countries associated with the EU, EFTA countries, and members of the European Economic Area) have formally declared that they share the objectives of the EU Common Position as revised in April 2000 and have pledged to ensure their national policies conform to that position.¹³⁶

3. ASEAN

Members of the Association of Southeast Asian Nations (ASEAN) have rarely followed the policy lead of major Western powers in imposing sanctions on any government for the sorts of policies pursued by the regime in Burma/Myanmar. This position has been justified by them on the grounds of their strong support for the principle of non-intervention in internal affairs of other governments. In the late 1990s, there has been some evolution away from unbending observance of this principle elsewhere, but ASEAN policy toward Burma/Myanmar was set in place prior to this evolution and was complicated by the aim of having the country join ASEAN. Any leverage that ASEAN collectively might have had to improve the military regime's behaviour toward its people (and which Western governments were urging it to apply) effectively evaporated once Burma/Myanmar was admitted to ASEAN membership in 1997. The ASEAN policy that has emerged in response to Western pressure to do more about Burma/Myanmar has been patience rather than isolation, and a preference for dialogue rather than sanctions as the most effective way to influence positive change.

¹³³ 96/635/CFSP: Common Position of 28 October 1996 defined by the Council on the basis of Article J.2 of the Treaty of the European Union, on Burma.

¹³⁴ 98/612/CRSP: Council Decision of 26 October 1998 amending Common Position 96/635/CFSP on Burma.

¹³⁵ A European Commission regulation associated with this policy lists numerous specific types of equipment in this class such as anti-riot helmets and shields and electronic jamming equipment.

¹³⁶ Press statement, Document 00/17, 30 May 2000.

4. Japan

Japan has been a reluctant supporter of the sanctions policy initiated by the USA, and now appears to be increasingly uncomfortable with US policy, one reason being its perception that a hardline stance has merely served to push the SPDC closer to China. In 1997 Japan extended a grant-in-aid of 2,000 million yen – in essence forgiving debt of this amount – and in 1998 it disbursed a loan of 2,500 million yen for the Yangon International Airport Project. The decision to fund the airport project was described by the Japanese government as an emergency measure, based on the safety of the airport, and not an extension of a new loan. The Prime Minister, Keizo Obuchi, met General Than Shwe in Manila on 28 October 1999, an event which undoubtedly held great significance for the head of the SPDC, although the meeting was brief.

5. Australia and Canada

In 1999, Australia took a small step toward ending Burma/Myanmar's isolation from Western countries but since this move was in the area of human rights policy, it could be presented as not breaching the principle underpinning sanctions imposed by its Western partners. By early September 2000, two out of three scheduled training courses in human rights had been conducted in Australia for middle level officials in human rights, with a view to encouraging the creation of an Indonesian-type human rights commission, and the Burma/Myanmar government has since informed the Australian government of its interest in establishing such a body. The Australian move has been dismissed as 'misguided' by Aung San Suu Kyi and Australia has been subject to some diplomatic pressure from its Western allies for it. Nevertheless, Australian support for Indonesia's now well-regarded human rights commission in the early 1990s suggests that such a move is not without potential to advance some of the goals that the sanctions policies are supposed to serve.

Canada – a strong supporter of sanctions and isolation of the regime in the past – may be considering a shift in policy toward Burma/Myanmar. A recent report stated Canada 'is now edging toward contact with the Rangoon regime,' primarily motivated by a desire to stem flows of Burmese heroin to Canada (or at least justified in public by that claim).¹³⁷ According to a diplomatic source, Canada has expressed some interest in the Australian initiative and has made some fresh contacts with the SPDC.¹³⁸

6. UN

On 4 April 2000, the UN Secretary General, Kofi Annan, announced the appointment of a Special Envoy for Myanmar, Razali Ismail, expressing the hope that he would be able to facilitate the implementation of General Assembly resolution 54/186,¹³⁹ which called for urgent and meaningful measures to ensure

¹³⁷ *Vancouver Sun*, 18 May 2000.

¹³⁸ ICG interview.

¹³⁹ UN Press Release SG/A/729, 4 April 2000.

the establishment of democracy in accordance with the will of the people as expressed in the democratic elections held in 1990, and upon the Government of Myanmar to enter into a constructive dialogue with the Secretary-General in order to make better use of his good offices. Razali Ismail has been a Special Adviser to Malaysian Prime Minister Mahatir, was Permanent Representative of Malaysia to the UN in New York between 1988-98, and served as President of the UN General Assembly's fifty-first session.

Kofi Annan's initiative to promote dialogue through his good offices has been a necessary step, although it has not pleased the SPDC. The UN is not associated directly with the sanctions policy of the USA and the EU, and in appointing a Malaysian, the Secretary General has made a shrewd choice for such a difficult role. But Razali's task is enormous. While it may begin with a measure of goodwill, the UN's political mediation role in Burma/Myanmar is hampered by the fact that UN agencies have been a principal source of pressure on the SPDC. The twice yearly reports of the UN Special Rapporteur for Human Rights in Myanmar to the UN Commission on Human Rights and the UN General Assembly regularly infuriate the SPDC and complicate the diplomatic efforts initiated by the UN Secretary General. Previous visits to Rangoon/Yangon by UN Assistant Secretary General for Political Affairs Alvaro de Soto, including in October 1998 and October 1999, have not resulted in any significant political breakthrough, and there appeared to be little to report following the Special Envoy's first visit in May 2000. The statement from the UN Secretary General prompted by the August 2000 stand-off between Aung San Suu Kyi and the authorities outside Rangoon/Yangon, will do little to improve the political atmosphere between the UN and the SPDC.¹⁴⁰ Initial contact between the Special Envoy and the SPDC appears not so far to have borne significant fruit, but it is too early to make any judgment about the utility of this appointment.

A further factor complicating dialogue in the short term, but which may prove to be a turning point in the international response, is the vote by the International Labour Organisation (ILO) to impose sanctions on Burma/Myanmar unless the SPDC ceases to use forced labour in public works projects before the end of 2000. A familiar divide continues: Japan and other Asian governments opposed this resolution and recommended the ILO settle the issue with the Burmese government through talks, while the US and EU were strong supporters of the tough ILO position.

7. International Non-governmental Actors

Non-governmental activists have been an important and highly visible plank of international community pressure on the SPDC. In the US for example, NGOs have campaigned vigorously with state and local governments and businesses to cut the flow of foreign currency to Burma/Myanmar by multinational corporations. A common strategy has been lobbying for selective purchasing laws at the state and local level, to proscribe any public purchases from

¹⁴⁰UN Press Release SG/SM/7519, 29 August 2000 'Secretary General Expresses Concern for Well-being of Aung San Suu Kyi, other National League for Democracy Leaders, in Myanmar Stand-off.'

corporations doing business in Burma/Myanmar. About 20 US cities—including New York, Los Angeles and San Francisco—and the State of Massachusetts have adopted such measures. Earlier this year the US Supreme Court struck down Massachusetts' selective purchasing ordinance as unconstitutional,¹⁴¹ raising the fear that the ruling might put an end to these types of measures. This fear is not justified, according to most commentators, who say that the decision merely asserted the primacy of the US Congress' own measures.¹⁴² Massachusetts has since redrafted its legislation to comply with the ruling. Through more traditional campaigns, including consumer boycotts, activists have sought to pressure multinational corporations to leave Burma/Myanmar and further isolate the ruling regime. Many prominent corporations including PepsiCo, Reebok, Motorola and Walt Disney have withdrawn their operations from Burma/Myanmar in recent years. UNOCAL Corporation, a major US oil company that developed and currently operates a pipeline in Burma/Myanmar, has been sued in US courts by a group of refugees claiming the corporation is liable for forced labour and torture because of its partnership with the military regime. UNOCAL has strongly denied both the charge and the link between its activities and the repressive actions of the regime.¹⁴³ The plaintiffs seek more than \$1 billion dollars in damages, but also aim to deter US corporations from doing business with Burma/Myanmar and in other countries with questionable human rights records.

8. Assessing International Pressure

The arms embargo on Burma/Myanmar has brought little obvious pressure to bear on the SPDC since China did not support it and even stepped in to fill the breach. The economic sanctions, particularly the denial of multilateral economic aid, represent some threat to the economic interests of the military regime but

¹⁴¹ *Crosby v. National Foreign Trade Council*, No. 99-474.

¹⁴² See for example Jack Goldsmith, 'Do States Have the Power to Conduct International Affairs', CNN Interactive, www.cnn.com/2000/LAW/06/columns/fl.goldsmith.burma.06.27.

¹⁴³ According to UNOCAL's public information, these cases have transpired as follows. 'In 1996, Burma dissident groups filed two separate lawsuits in U.S. District Court for the Central District of California (Los Angeles) against UNOCAL, Total S.A., the Myanma Oil and Gas Enterprise (MOGE) and others. One action was filed by anonymous representatives on behalf of an alleged class of plaintiffs purportedly consisting of all residents of the Tenasserim region of Myanmar (John Doe I, etc., et al., v. UNOCAL; CV-96-6959). The second was filed by the National Coalition Government of the Union of Burma, et al. (The National Coalition Government of Burma and the Federation of Trade Unions of Burma v. UNOCAL, Inc.; CV-96-6112). Both suits alleged acts of mistreatment of workers and forced labor by the government of Myanmar in connection with the construction of the Yadana natural gas pipeline project. The lawsuits sought money from UNOCAL and a court order ending UNOCAL's participation in the Yadana project. Neither lawsuit went to trial.The judge dismissed Total as a defendant in 1998 because the court does not have jurisdiction over this foreign company. ... In 1999 the judge disallowed (refused to certify) the so-called "class" named in the lawsuit. The court ruled that the Doe plaintiffs had failed to prove they should have the right to represent "absent" plaintiffs. The judge said the plaintiffs can only represent themselves and not any of the residents of the Tenasserim region. In early 2000, UNOCAL filed several motions for summary judgment for both lawsuits. In September 2000, the U.S. District Court entered judgment granting UNOCAL's motions for summary judgment in the two cases. The court said there was no evidence that UNOCAL "participated in or influenced" the military's unlawful conduct and there were "no facts suggesting that UNOCAL sought to employ forced or slave labor".' See www.unocal.com/myanmar/suit.htm accessed on 7 December 2000.

the Western countries have so little economic engagement with Burma/Myanmar that the actual threat from economic sanctions remains low.¹⁴⁴ The sanctions have had a moral or political component that the imposing governments regard as important for registering the unacceptability of SPDC practices. This moral component is understood by these governments to be as important as, or even more important than, being able to claim that the domestic economic effect inside Burma/Myanmar of the sanctions might eventually force the SPDC to submit.

But there is not much evidence that at the start of the sanctions the countries involved had a clear picture of how these should be pursued over the longer term if problems of the kind mentioned arose. It is also not clear that the governments had the kind of understanding of the strengths and weaknesses of the regime that was needed in order to target sanctions more precisely. The intended target of the sanctions policy of the imposing governments was certainly clear enough all along - the SPDC. But the mechanisms by which the particular sanctions policy of each imposing government might have been expected to influence the SPDC to support democratic reform, or the time frame needed for the sanctions to succeed in influencing the SPDC, have not often been articulated.¹⁴⁵

VI. CONCLUSIONS

The power of the current military regime in Burma/Myanmar has been strengthened substantially in the twelve years of its existence. Key features of this strengthening have included the following:

- imposition of a strongly centralized, unitary state structure
- massive expansion and modernization of the armed forces
- establishment of a territorial military structure throughout the country
- expansion of the secret police and military intelligence
- widespread and systematic use of violence and repression
- considerable enhancement of its international and domestic propaganda
- unprecedented political and military successes against the country's long-running insurgencies
- repression of civil society
- partial liberalization of the economy, and
- a strong political, military and economic relationship with China.

¹⁴⁴ The policy of the major Western powers toward Burma/Myanmar is based on differing assumptions. For an analysis of these issues, see Morten B. Pedersen, 'International Policy on Burma: Coercion, Persuasion, or Cooperation? Assessing the Claims' in Pederson et. al. (eds), *Burma*.

¹⁴⁵ How does one influence a government which believes that the country is beset by enemies and sees foreign criticism as evidence of the rightness of this belief? As Steinberg notes, 'foreign public criticism of the SPDC simply forces a nationalistic response and foreign pressures for reform are viewed as infringements of Myanmar's sovereignty, while foreign support for the NLD undercuts the NLD's potential legitimacy (in their view).' 'Burma/Myanmar and the Dilemmas of US Foreign Policy' David I. Steinberg *Contemporary South East Asia*, Volume 21, No 2, August 1999.

However, the underpinnings of the regime's power are not totally invulnerable. The political scene in Burma/Myanmar may be dominated by the military, but the military does not enjoy legitimacy or the genuine popular support of the people. The very strength underpinning the regime – military coercion – also contains the source of its major weakness. Actual and potential sources of vulnerability include:

- the moral authority of Aung San Suu Kyi
- the unfinished military-sponsored constitution-drafting process
- the tenuous nature of the ceasefire agreements with insurgents
- potential disaffection among the more criminally minded narco-armies
- military overstretch, especially poor pay and conditions for soldiers
- stagnation of the country's strategically significant agriculture sector
- pariah status amongst Western states and the United Nations community, and
- sanctions by the US and EU and other forms of economic pressure.

What is Burma/Myanmar's future? Much turns on power relationships within the armed forces. Although a power struggle has been avoided in the name of the collective motivation to maintain power, and also probably under the influence of Ne Win's remarkably long-lasting influence, a contest within the Tatmadaw between the intelligence and field commander factions may become more open. The leader of the SPDC is ill and when Ne Win or he dies there may well be more prospects for a reorientation of policies. Any popular uprising against the military regime could only succeed if there were important cleavages in the SPDC or within the rank and file of the armed forces.

The future course of development of regime strengths and vulnerabilities cannot be predicted with much certainty because of lack of reliable evidence and comprehensive analysis based upon it. For this reason, assessments of Burma/Myanmar's near term future must remain somewhat open. While the regime shows no signs of giving up power, a crumbling rural sector and intensified disaffection within the ranks of the armed forces are significant ingredients for future unrest.

The implications of all this for Western policy need to be carefully evaluated. While it is clear that sanctions policies have not had any significant policy impact to date, nor is it clear that any other policy approach would fare any better. ICG believes that more research and analysis of the current situation - especially within the military - is necessary before any confident prescriptions can be offered, and will seek in future reports on Burma/Myanmar to address these issues.

Bangkok/Brussels, 21 December 2000

