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**MYANMAR: THE ANOMALIES OF
POLITICS AND ECONOMICS**

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The present military leaders of Myanmar changed its name from Burma in 1989, and have used the name Myanmar for the country for any period. The political opposition has not accepted that change, and thus the use of either term reflects polarized versions of politics. Here the terms are used without political connotation: Myanmar for the period since 1989; Burma for the previous periods; Burmese for citizens of that country, for its language, and as an adjective; and Burman for the dominant ethnic group.

If an allegedly prescient observer of the Asian scene attempted to predict in 1955 the economic and political future of several Asian states a generation hence, that predictor might well have chosen three countries for comparison. All seemed quite diverse, but Burma, Thailand, and South Korea had populations within about 10 percent of each other, and per capita GNPs ranging from \$50 to \$70, thus inviting parallel consideration.

Each had problems. Burma had been devastated by World War II. The center's hold over the country was then circumscribed by multiple insurgencies of various political colorations and diverse ethnicities following independence in 1948. Thailand came out of that war unscathed, but its administrative control, if not sovereignty, was tenuous over some of its frontier areas. South Korea had been virtually destroyed by the Korean War.

Political comparisons were less clear. Korea suffered from an authoritarian state in the guise of a democracy. Thailand was dominated by the military in fact, if not in law. Burma was operating a fragile parliamentary system that seemed more responsive to democratic forms than either of the other states.

That observer with reasonable confidence would have pointed to Burma as the potential economic and political leader of the three. It was perhaps the only developing country (although that term came into prominence later) that was an exporter of food and fuel, having been the world's largest exporter of rice before World War II, and a supplier of oil, especially to India. It had untapped, even unexplored, natural resources. It contained about 75 percent of the world's teak reserves, and had vast other timber potential. Its population in relation to its land base was the most favorable of any continental Southeast Asian country. It contained a natural communications network through the Irrawaddy River (Kipling's *Road to Mandalay*) and its tributaries. Literacy was high; the use of English was widespread, thus international communications were relatively easy. The *Economist*, years later, pointed out that Rangoon, along with Manila, in that period would have been considered the model urban areas of Asia's future. The Burmese seemed to have absorbed a good bit of the British parliamentary experience of the colonial era with reasonably good results.

Thailand undoubtedly would have been second choice. It was a large rice exporter but lacked other natural resources. It had squandered its teak stands, but it, too, had untapped land. Its politics were less clear, and the future of representative government dubious, even though the absolute monarchy had been overthrown in 1932.

South Korea (hereafter Korea) would not have been a contender in anyone's imagination. Not only had it been devastated by the Korean War, its population ratio to land was one of the highest in the world, and only 20 percent of that mountainous country was arable. Korea lacked all natural resources. Its industrial base was very modest and then in light industry alone. Its educational infrastructure was weak, although it was growing. Its politics were a travesty of the slogan it and the United States purveyed internationally as "Korea in the free world." Although known as a Confucian society, which has considerable developmental cachet today, in that era Confucianism was considered to be an impediment to growth and the development process, as well as to democracy, in contrast to opinions now prevailing.

Yet, 30 years later in the 1995-1996 period, Korea's per capita GNP was over \$10,000, Thailand's was about \$2,500, and Myanmar's about \$230.¹ Myanmar, instead of becoming the richest country of the three, was one of the world's poorest, or in United Nations terms, "least-developed"—only 10 countries designated as such worldwide, most of which were in sub-Saharan Africa.

Politically, in the contemporary period, Korea has embarked on a stable form of procedural democracy (although traditional attitudes toward power are still prevalent). The military has retired to the barracks without bloodshed or even incident in a feat that has excited world admiration. Thailand has cautiously moved toward democratic forms, although the role of the military is still pervasive in mufti, and occasionally in uniform. Burma, on the other hand, has settled into a period of military authoritarianism that seems likely to continue, first in uniform and then civilianized into the future for an extended period.

What caused these quite logical and informed predictions to go wrong? Conversely, what prompted the other countries in the region to succeed economically or to move toward or away from political reform and pluralism?

Transformational Events and the Military

In each of these three countries, decisions were made that had profound influences on its future economic and political directions. Within the space of a few years, and from our imaginary prescient person's speculations, these three states

underwent important events that have helped shape, and even determine, the developments, both positive and negative, we have witnessed since that period.

In Thailand, the World Bank conducted a major policy review of the economy, and in about 1959, presented a report to the Thai government (which was controlled by the military following the 1958 coup). It suggested that the Thai plan to expand the state's economic control through public sector development would be in error, and instead recommended a more open market economy. This study was backed by the United States' foreign assistance program, and was later adopted as policy by the Thai bureaucracy. The implications of this policy went far beyond economics and into the social composition of the state. These implications seem to have been understood, even if unarticulated, by the Thai leadership. This was: to achieve a market economy in Thailand, the Chinese minority, with both entrepreneurial talents and access to capital, must be integrated into the fabric of Thai society, and foreign investment must be encouraged. As a result, Chinese integration has taken place to a degree not achieved in any other Southeast Asian nation in which the Chinese have been a minority.² Coincidentally with this decision, made essentially by the Thai military which was expanding its direct economic interests, was the effort to build up the role of the Thai monarch as the unifying force in Thai society.

The Korean change came with the May 16, 1961, military coup that brought General Park Chung Hee to power. Lacking any traditional attributes of political legitimacy, and having once been in the Japanese army and thus without nationalist credentials, he turned to an export-led growth strategy as the means to alleviate the poverty of the state. This was his key to political control, and eventually to political legitimacy. His successes were already evident before he introduced the most stringent authoritarian rule Korea had yet seen under the Yushin Constitution of 1972. This constitution thus ensured his continual rule until his assassination in 1979.

In Burma, there were two seminal and related events, both also involving the military: one in 1958, and the other in 1962. The first was the "constitutional" military coup under which the civilian government of U Nu "invited" General Ne Win and the armed forces to run the government for an interim period to avoid a brewing civil war between factions within the ruling civilian political party, the Anti-Fascist People's Freedom League (AFPFL), which was a broad coalition of disparate elements. This 18-month ruling experience, known as the Caretaker Government, was a heady one for the military, for it gave them administrative experience, a prominent political mobilization role, confidence in

their modernity and vision, and placed them at the center of various economic activities, examined below.

After returning control to the newly elected civilian government in 1960 in an election with results that the military did not anticipate (a precursor to the situation in 1990) with the military-backed party losing, and after watching the country further deteriorate in economic and ethnic terms, the military launched its coup of March 2, 1962, which was designed to be permanent. This event set into play the “Burmese Way to Socialism,” that was to be the dominant ideological theme of the society for a quarter of a century.

In all of these three countries, the critical events had been products of the military. All three were rooted in authoritarian control of power. All were explicitly anti-democratic in any sense of the term that is understandable today, yet the road toward democracy, however defined and lengthy, is routed in strikingly different manners in each of these societies. Although none of these three states today can be termed a “democracy” in a sense comparable to those in Western Europe and in North America, the process of democratization is apparent in both Korea and Thailand, but has yet to surface in Myanmar.³

As these three states evolved, however, the military’s direct role in economics dramatically differed among them, although in all three they were the ultimate source of economic decisionmaking. The Korean military, although maintaining control over the economic policymaking, neither became directly involved in the production process nor in the distribution of matériel. In Thailand, the military made direct, legal investments in a wide variety of economic activities from banking to the media. In Burma, as noted below, the military also became directly involved in the control of a substantial portion of the economy.

It was in this period that a considerable body of academic literature was developed on the positive role of the military as a rational, future-looking, and goal-oriented body that worldwide was the great hope for progress in many societies. Decisions in these three countries alone indicate that although the militaries became important forces for change, their internal orientation or other factors influenced the roles that they were to play in those societies. In Burma, in spite of an early period during the Caretaker Government when many of the military’s accomplishments were widely applauded by local and foreign observers, this euphoria rapidly changed to concern as a strong strain of xenophobia became paramount.

Politics and Economics in Burma/Myanmar

Returning economic power to Burman control and ensuring that it remained there, has been the guiding leitmotif of Burmese economics of the past half-century. The modernization of the Burmese economy in the colonial period produced a dual society—one in which the modern sectors of the economy were essentially under foreign ownership, and where traditional trade was in local hands. But even indigenous control over the traditionally based rural sector had been severely eroded through foreign (Indian) investments in credit that mortgaged and alienated much of the best land to them as a result of the great depression of 1929 and its aftermath that devastated the Burmese economy.

Thus, foreign domination was pervasive. The Europeans controlled international trade and industry, while those immigrants from the subcontinent had extensive interests in credit, retail trade, and in a variety of intermediate industries. The overseas Chinese community of some several hundred thousand also had important urban retail businesses. It was only in the petty trading in the bazaars that the Burmese prevailed.

From the late 1930s, then, the politically correct Burmese economic slogan was socialism, as in politics it was nationalism. With independence, for which there was widespread demands among the Burman ethnic majority, it was assumed that the economy must revert to Burmese hands, which meant state control in the Burmese context. This seemed to be the wave of the future, led by such distinguished proponents as those at the London School of Economics. It was a wave that also supported Buddhist antipathies against the considered capitalist values of greed and private accumulations of wealth. With independence in 1948, the economic hallmark of political legitimacy was socialism; the only question was its degree and the rapidity with which various political groups wished to see it introduced.

Nationalism thus became the overarching rationale that influenced all policies, while social concerns for the poor guided economic and growth patterns. The economic decisionmaking process was motivated by political expediency together with a genuine concern for the society. U Nu, Prime Minister for most of the civilian period (1948-1958, 1960-1962), promulgated a Buddhist-oriented welfare state under what became known as the “Pyidawtha Plan” (lit., “happy land”). Pricing policies for state industries were geared more toward the consumer’s buying power than to the costs of production. When Schumacher wrote his Buddhist-oriented, influential volume, *Small is Beautiful: Economics as if People Mattered*, Burma was the incipient model.

If internal politics helped dictate economic policies to a major degree, Burma's international reputation also influenced the economic donor community to support development there. As the quintessential neutral country (thus the reason for Burma's Ambassador to the United Nations, U Thant, being chosen as Secretary General), the various power blocs vied with each other for influence. The Soviet Union, together with the Eastern bloc, and the West (the United States and the Colombo Plan) sought influence against each other through provisions of foreign aid, while China was viewed by all of the above as a major geopolitical and security threat and also was a donor. Japan, to regain influence and because of a strong sense of war guilt, in 1956 began its reparations program, which was designed in part to ensure influence and thus access to the natural resources of that state; this was followed by more traditional foreign aid in both loans and grants that by 1988 totaled \$2.2 billion in foreign assistance.⁴ Japan was the major foreign support to all Burmese regimes, and without its assistance in the 1960s the regime might well have collapsed.

The Military as Caretakers

The Caretaker experience (1958-60) may well have been the defining period for the military in Burma. They had absolute power; were generally popular; had a limited time horizon (it was extended from six to 18 months) during which they could make changes; the economic and security situation started from a low base, as the overall standard of living in the country had not yet been restored to pre-World War levels; and insurgencies continued. (It was not until the Burmese fiscal year 1975-1976 that per capita GDP reached pre-World War II levels.)⁵ There was, in a sense, no where to go but up.

A wide variety of decisions, some ephemeral, some relatively permanent, were made in that period. Prices were temporarily lowered in the bazaars on military orders. The "magic" of the marketplace did not matter. Over 160,000 squatters were forcibly removed from downtown Rangoon to the rice paddies on the periphery of the city where they were given plots of land, but few services (a pattern that the State Law and Order Restoration Council (SLORC) was to repeat on a larger, nationwide basis following the coup of 1988). A border agreement was signed with China, the Shan *sawbwas* (maharajahs) were stripped of their administrative, if not social, authority, and a universal military conscription bill passed (for both men and women on an Israeli model) that was never implemented because at that time volunteers were in excess of need.

Important for future economic policies and performance was the expansion of the Defence Services Institute (DSI), the military-run state economic sector.

Starting as a type of post-exchange for the military, it expanded during the Caretaker Government to include 14 Boards of Management. In addition to extensive networks in international trade, the military established the Five Star Shipping Line, the Ava Bank, department stores, hotels, and an electronics workshop. The effective running of such a broad range of economic activities gave the military confidence that they could, in fact, run the country's economy as well.

In addition to their own economic activities, military personnel were placed in all ministries and at all levels of administration. They brought with them enthusiasm and a disdain for the bureaucracy, which was regarded as corrupt, politicized, or incompetent. Both because they were making shorter-term decisions within the administration, and because they operated under a tight command structure, they appeared to be efficient as well as forceful. When they were (relatively) permanently ensconced, however, the very factors that enabled them to perform so well over the short term were a detriment over the longer period. Enthusiasm and loyalty were more important than knowledge, and the command system brooked no deviation from policies set at the top of the hierarchy. Thus necessary policy and administrative adjustments were exceedingly difficult to make as information and data were controlled.

Most importantly, beyond individual military decisions was a pervasive sense of pride in military accomplishments that was widely shared, and which, in retrospect, was the basis on which future military rule was built. This emotion was propagated and epitomized in the publishing of their summary of military rule, *Is Trust Vindicated?*, the paean to past accomplishments.⁶ The military's self-perception of its role was graphically illustrated on that volume's dust jacket, which pictured Hercules cleaning out the Augean stables.

On assuming power, the military stated it had three goals: to restore law and order, to implement democracy, and to establish a socialist economy. These goals were later modified, and democracy eliminated in the military's next incarnation after 1962.

What caused the legalized military coup of 1958 and indeed the coup of 1962 as well? It was not only the threat of civil war and the growing confidence and capacity of the military itself. It was the failure of the civilian political process.

The armed left wing, represented by two underground communist parties, one Trotskyite and one Stalinist (later Maoist), were in revolt. The above-ground, legalized left was represented by the National Unity Front that had

surreptitious links to those in the Stalinist party. They wanted more stringent socialism and they received a significant share of the votes in the elections. The military, however, saw the communists as a major threat, as they had been fighting both parties since independence. When they came to power, they engaged in a major psychological warfare campaign against them, publishing materials indicating that the communists were out to destroy Buddhism. Thus, as U Nu had used Buddhism, so did the military, and that emphasis still continues. The fear of the communists was real and continuing, and even after the destruction of both internal communist rebellions and the collapse of communism virtually worldwide in the late 1980s, that enmity remains. The communist menace is still invoked against the National League for Democracy, and the army emphasizes that Aung San Suu Kyi (daughter of the founder of independent Burma and who was assassinated in 1947) does not have the sophistication to deal with these internal divisive forces.

The failure of the civilian political processes may also be traced to the tensions between traditional concepts of power and authority operating within a modern parliamentary system. Parliamentary government depends on compromise and accommodation to succeed, but traditional concepts conceive of power as finite and personalized, and political parties of even an ideological nature are constructed as entourages. Factionalism thus becomes endemic and there are tendencies for fissures to develop. At the stage of the 1958 coup, ethnicity was not a major factor although it rapidly became one four years later.

The Caretaker Government thus set the stage for the second coup of 1962, which eventually led to the third in 1988, which was designed to shore up the second.⁷

The Military as Socialists

The ostensible rationale for the 1962 coup was the potential breakup of the Union of Burma through a meeting of minority leaders held in Rangoon at that time.⁸ If not the fundamental reason, it was the convenient excuse that led to their easy arrest and imprisonment. The motivations went beyond the minority problems, which were severe. The military seemed to have wanted to resume power, and probably assumed (with some reason at that time) they were the most competent group in the country. There had been rumors of an earlier coup plan which had been postponed by General Ne Win, commander of the armed forces since 1949. He had been deputy commander on independence, but on the Karen insurrection of 1949 he replaced the Karen commander, who had been loyal to the government.

In a short period, the intellectual and institutional underpinnings of the society were established. Within a month, the *Burmese Way to Socialism* was published; it was an eclectic mixture of heterogeneous elements of Buddhism, humanism, and Marxism. As Dr. Ba Maw, veteran political wartime leader of the Japanese puppet regime said, “because it was socialist it was good, but because it was Burmese it was better.”

In July, the Burma Socialist Programme Party (BSPP) was founded. It remained a cadre organization of a few military officials within the ruling Revolutionary Council, as the rulers dubbed themselves, and was led by General Ne Win, but it was to expand into a mass mobilization system within 10 years. The following year in 1963, the *System of Correlation of Man and His Environment* was published. It was the muddled, but influential, intellectual, and philosophical basis of the Burmese approach to socialism and society. The organizational, operational, and philosophical bases for the regime were thus in place, and for years these documents were taught in indoctrination courses required for both the military and civil servants. But how seriously should these be taken as reflecting reality? Some have argued that it was power, not philosophy, that drove the military, and that socialism was a means to that end.⁹

Following the coup, xenophobia became manifest when all private foreign aid organizations and the public information libraries of embassies were forced to leave. Some hundreds of thousands of residents from the Indian subcontinent were repatriated to their homes, even though some had lived in Burma for generations. The civil service was purged of its highly professional, competent, and apolitical senior staff who had been members of the Indian Civil Service, and then Burma Civil Service. Thus, when socialism became a reality, there were few experienced within the state bureaucracy who could manage such a complex undertaking.

In 1963, the major nationalization campaign began. The country turned inward, and a rigid socialist system was instituted. Some 15,000 firms and businesses were nationalized. The country was cut off from the outside in a military-imposed cocoon. Few Burmese were allowed to leave legally, while visas for foreigners were severely restricted—to 24-hours for part of that period. Outside information was obstructed through controlled imports of news and a state-dominated press, while there were few shortwave radios at that time. With this autarky, the minority rebellions increased because even the modicum of local authority that the states (ethnic provinces) had was eliminated. All power emanated from the center. Burma also seemed intent on creating an industrial proletariat in a country that had little industry.

The rigid economic system collapsed within five years. Even the leadership recognized its failings. It was during this period that the BSPP was expanding from a cadre party to a mass base. At the first BSPP Congress in June-July 1971, reflecting this expansion, the government openly catalogued its failures, and made a series of tentative reforms. It noted that although it had good diplomatic relations with the world, its economic relations were deplorable. It thus asked the World Bank back into Burma, joined the Asian Development Bank, and sought more bilateral foreign assistance.¹⁰

At the same time, the military developed new economic priorities and formulated a Twenty-Year Plan, to be implemented through five four-year plans. Priority was now to be placed on the development of Burma's natural resources—agriculture, forestry, and mining (especially oil and natural gas). The state sector was to grow, the private sector to shrink, and the cooperatives, a parasitical organization under ministerial control, to expand from 3 percent of the economy to 26 percent. None of these goals could be realized.

In the 1970s, after these reforms were introduced, Burma again began to grow, and by 1976 had finally reached its pre-World War living standards. A variety of factors were involved in this spurt of growth. Probably the most important for the Plan was the serendipitous introduction of the high-yielding varieties of rice that were brought in the early 1970s from the Philippines, since it was only in 1964 that paddy production per acre reached pre-World War II levels. This resulted in extensive increases in production (even though the surpluses had to be sold to the state at extremely low prices), and a rise in exports, although never to prewar levels. The effort offered such promise, if coupled with extensive fertilizer use and effective water management, that whole townships were given over to the production of these varieties, often over the objections of some farmers who preferred the taste of the traditional rice. Over 70 of the most productive townships were targeted for these varieties, and their production enforced, as the state owned all land and threatened those who disobeyed with expropriation. Incomes did rise, however.

A second factor was the exploitation of onshore oil, which had been a traditional industry from the precolonial period. In colonial times (1940), oil exports totaled \$35 million. Increases were apparent, and hopes were raised for much greater production. By 1965, annual oil production was 3.81 million barrels, and by 1978, 9.55 million barrels, and was planned to double over the following four years, but never reached that goal. In Fiscal Year 1995-1996, production reached only 4.28 million barrels. At the same time, natural gas was

found and began to be produced in 1974. The World Bank, in addition to funding a variety of projects, became involved in supporting the expansion of teak exports. With World Bank advice, certain administrative reforms were also undertaken that increased government revenues.

For a period, there was considerable optimism about the economy on the part of the government, and among some donors as well. The planning process, although not integrated, projected increases in most fields of production. Yet political stasis under the military-dominated BSPP remained.

Administrative and modest economic reforms were not accompanied by or translated into political change. Civil society continued to be suppressed, and the new constitution inaugurated in 1974 mandated a highly centralized state with a single political party mobilization system (apparently on the model of Eastern European constitutions) under the authority of the party, which in turn, was thoroughly controlled by the military. The military continued to dominate the bureaucracy, and all internal public expressions of opinion—from newspapers to novels, poetry, and drama—were subject to rigid censorship. Imported books were screened for political, and thus economic content. No opposition was tolerated.

As the 1980s began, the economic situation began to change. As a result of the increases in foreign assistance, imports rose dramatically and with them foreign debt increased (most Japanese assistance was in the form of loans). As the Japanese yen was revalued, this debt mushroomed, and at the time of the coup in 1988 it was \$4.9 billion, or about three-quarters of GNP. At the same time that both imports and exports expanded, the value of export commodities dropped while the costs of imports rose. The State Economic Enterprises (the public sector) were a major drain on the national budget as most operated at losses. Major deficits began to be apparent.

Internally, the natural limits had been reached in the rural economy and the expansion of the new varieties of rice. Fertilizer was in limited supply, and irrigation only covered about 11 percent of the land, and much of that was limited to preventing a failure of the monsoon. Teak production peaked, and oil, in contrast to the projected increases, began to falter as production limits were limited to the level of technology available to the state, which did not want onshore foreign intervention at that time. Although considerable arable land was still unexploited, it was generally in minority areas that were considered inhospitable to the Burman majority.

The government became less and less aware of the actual situation in the

country because of a pervasive atmosphere of political fear and a rigid command system, which did not allow for bad news to filter up to the top of the hierarchy. So politically correct production figures were invented, and production seemed to rise because it was mandated that it do so. Of course, there were increases in production, but even in the official annual accounts that were publicly available, the projections estimated in the past year rarely seemed to equal the actual production reported the following year. Eventually, even the leadership began to realize that something was wrong. By that time, August 1987, when Ne Win, the leader of the Burmese military since 1949, sometimes Deputy Prime Minister in the 1950-58 period and absolute leader since 1962, publicly noted the problem—it may have been too late simply to tinker with a system that needed major reformation.

Two events took place within a week that changed the course of events, and greatly contributed to the political and economic unrest of 1988, which led to the coup to prop up the military on September 18, 1988. On September 1, 1987, General Ne Win ordered the free sale of rice and a number of other grains by farmers at market prices, which were much higher than the previously state-controlled producer prices. This was regarded as the most significant liberalization of the economy since 1962, and people were very enthusiastic. Within that week, however, Ne Win ordered the demonetization without replacement of all paper currency notes over about \$2.50 in value in order, as the government claimed, to curb the black market, but on which in fact the state depended. New notes were issued in denominations that added up to multiples of nine (K.45 and K.90 notes, for example). Rumors abounded that this was done on the basis of some obscure numerology to ensure that Ne Win would live to 90. As one prominent BSPP leader admitted privately, “The spear landed at the lowest point” (the common people were hurt), and even the Executive Committee members of the BSPP did not know about it in advance, and were forced to vote for it.

This mystical-political event had profound economic consequences. Since this was the third demonetization since the military came to power in 1962, and the most severe, people lost all faith in a currency already badly overvalued. (It is significant that in the draft constitution being debated in mid-1997, there is a provision against any demonetizations.) They feared further demonetizations or devaluations, with the result that few were willing to hold cash—they wanted to retain commodities of inherent value as a hedge. The result was an enormous demand for consumer goods, which produced an explosive upsurge in the overland smuggling trade with China, where the Burmese military had cleared some

border areas and at which time the Chinese economy was internally liberalizing. Most importantly, the farmers held paddy (unhusked rice), which drove up the price in urban areas. The state made no effort to stem the smuggling, which was eventually legalized, effective October 1, 1988, and from which many (including the military) substantially profited. In effect, the military, for obvious political purposes, to placate the people had sold out its own modest industry to the Chinese, who could produce consumer goods more cheaply and of better quality than the Burmese, and who also were at that time liberalizing their own production systems. In exchange for these goods, the Burmese bartered their agricultural produce and natural resources, and the annual two-way trade was estimated at about \$1.5 billion.

By March 1988, the Japanese quietly informed the Burmese leadership that unless substantive but unnamed reforms were introduced, the Japanese would have to reconsider their economic assistance, which was half of all foreign assistance from any source entering the country. This move was the result of intense frustration over Burmese development and a major foreign aid program that they privately admitted had failed in economic terms, but may have succeeded in political terms.

When the unrelated student disturbances broke out in Rangoon in the spring of 1988, both the pent-up political anger together with the incessant inflation in the cost of living brought many out into the streets to call for the end of military rule. The military acted too slowly and insensitively to these problems, and no amount of placation of the crowds could stem what seemed to be the imminent overthrow of the military regime. The situation may have been analogous to the Paris Commune of 1870. It was at this point, and for these reasons, that the military launched a coup on September 18, 1988, to shore up the failed regime.¹¹

The military had inherited a country ethnically diverse but in which minorities could play important roles as long as they played by Burman rules, and one that was (in Burman areas) socially mobile. In the course of their rule, they changed the nature of the sociopolitical process, thereby increasing latent societal discontent.

Burma was a “union,” in the sense that there were a number of provisions that allowed minority areas to have some local autonomy, and minority figures in the central government were important (the presidency, for example, rotated among ethnic groups). The 1974 constitution created a state with no local autonomy, and one that was highly centralized, that destroyed the fig leaf of

local authority. The military had been an important occupation for some in the minorities, but they eventually were virtually excluded from the higher command positions. The minorities were, then, effectively marginalized.

Burman society since independence was noted for its social mobility. It may have been the only area in Asia in which the precolonial elites did not resume positions of some authority in the postcolonial period. The very fact that they did not reemerge may be an indication of the highly personalized basis of authority and power in the traditional period in spite of a hereditary class structure among some elements of the population. Social mobility, which was widespread, was manifested through four channels. Education was free, and many from poor, rural backgrounds attended university. The military was an attractive channel. The Buddhist *sangha* (monkhood) was an important means for the poor to receive an education and attain social status. Finally, the mass mobilization organizations, such as those for peasants or workers, allowed even uneducated persons national stature. The military destroyed this system. They eliminated mass organizations except those they created under their control. They registered and dominated the Buddhist clergy. They limited access to education except for those approved. Thus, social mobility under the Burmese military government was through the military and its rigidly controlled groups. They were the arbiters of social standing, resulting in both increasing frustration and discontent.

By eliminating any legal expression of political differences, the military ostensibly exterminated its opposition. It prevented organized dissent, but created the frustration that became more intense because there were no legal means of expression, and thus any spark could set off a conflagration. By concentrating power at the center, it increased minority frustration as well, thus encouraging the revolts that it had attempted to dispel through political uniformity.

This frustration was exacerbated by dire economic conditions—inconstant inflation and increases in the price of the staples of rice and cooking oil on which all families depended. Those in the military and in the bureaucracy were insulated from these problems through special shops and rations, as well as corruption from below, which common people and casual workers in state enterprises, who received far fewer benefits, did not possess. Thus the 1988 revolution was a generalized and widespread mass movement against a military that had become out of touch with the people. As one very high-ranking, but older, officer said, “We in the military were taught: ‘this bowl of rice comes from

the people; this uniform comes from the people; this rifle is paid for by the people.' The present [SLORC] military have forgotten this.”

The State Law and Order Restoration Council¹²

The SLORC's ascension to power came about through the bloody repression of a people's uprising. This uprising was far more extensive than the simple student demonstration that sparked the initial discontent. It was virtually nationwide, at least in urban areas.

Their ascension to power, though, had little to do with economics or growth. But rather it had to do with power, politics, and the future role of the military in Burma. The people's frustration lay the decay in both economics and politics.

The ostensible reason for the coup, according to the SLORC's declarations that were incessantly repeated, was to hold the country together in the face of chaos, and prevent the disintegration of state sovereignty and even of the state itself. Other observers of this period dispute this characterization of a traumatic period, claiming that even as central authority collapsed, local leaders such as monks emerged, who preserved a general sense of order at neighborhood or even larger areas. Communists, the military said, were lurking in the background, even though their organizational influence was long past. More objectively, it was to keep the military in control in what one may assume to be a sincere, if inaccurate, belief in the internal and external threats to state unity.

Such threats had existed. There were more than a dozen ethnic rebellions operating along the various perimeters of the state. But where some earlier had called for independence, all had become more realistic and were advocating a physical withdrawal of the military from their areas and a government of shared power between the center and the periphery, or some form of federalism. Although the minorities no longer believed that independence was feasible, the military persisted in retaining their old fears of a breakup of the Union on what became the Russian model. They wanted, instead, a Chinese model in which the minorities might have some modest titular autonomy but no national power. The fears of a breakup of the Union fueled xenophobia, which in part was based on past (informal) foreign support for various insurgencies, and an attitude that no foreigner, or Burmese with foreign connections or habits, could be trusted.

The old officers prominent in the previous government under the Burma Socialist Programme Party were honorably retired, and a group not so well known to foreigners was brought to the fore. It was a group that was highly

insular and poorly educated; only two of the 18 had university or equivalent degrees, some had only had about eighth grade education, and none had extensive or broad foreign experience. Several of the key leaders were associated with General Ne Win in the Fourth Burma Rifles, which he commanded in pre-independence days. They supplied, in an internal military system of entourage politics under Ne Win's leadership, a major percentage of the most prominent of Burma's military leaders since 1962.

The SLORC was not only a continuation of the military's past. It also inherited some economic policies from the BSPP, which the latter did not have time to implement in the turbulent spring and summer of 1988. The socialists began to reconsider the economic position and role of the state in the economy (prompted or encouraged by the Japanese), and as the BSPP in 1971 determined to open the society to broad foreign assistance, so the new military began to reconsider the role of the private sector, both internally and externally.

In the dying days of the BSPP in July, just after Ne Win's resignation as chairman of the party on July 23,¹³ the party made the decision on August 5 to legalize the border trade, which they in any case could no longer control and which was highly lucrative to both smugglers and those who acquiesced in the process (local military commanders and officials). Ne Win, before his resignation, suggested that the state consider allowing a multiparty political system, but whether that was from conviction or to free himself from the onus of failure is unclear. In any case, the party rejected that plan, evidently not wishing to surrender the perquisites of power, but then the SLORC initiated it. A multiparty system, however, does not necessarily mean a democratic one, as other Asian societies, such as Indonesia, Malaysia, and Singapore have experienced, and it seems evident that when the SLORC decided on a multiparty system, it was to be one that they could control.

The SLORC inherited a state that was virtually bankrupt. In December 1987, it was designated a "least-developed" nation by the United Nations. Its legal exports were marginal, its foreign exchange reserves (about \$27 million) good for only several weeks of imports, its foreign debt excessive in relation to GDP, its currency overvalued by five or six times (by 1996 it was overvalued by about 30 times, but by then the state had made provision for multiple exchange rates and allowed de facto the use of foreign currencies in the bazaars), some 10,000 students and others had illegally fled the country to escape the *tatmadaw's* wrath, and the military knew it needed funds if only to satisfy the military's own needs. Following the coup, all countries, except China, cut off foreign assistance in the wake of the military repression.¹⁴

Thailand was first to respond. Thai-Burmese relations had historically been poor. In Burmese, Thailand was still known as Ayuthia, the old capital that the Burmese destroyed in 1767 in one of the incessant wars fought between the two states. Thailand, since the independence era, had fostered at various official, unofficial, and local levels a series of revolts along its western littoral that created a series of buffer “states,” insulating the conservative regime in Bangkok from the ones in Rangoon that were regarded as far more radical. The ostensible threat of communist rule may have prompted the Thai military to reconsider this policy, but in fact, although leftist elements in Burma were certainly active, a concerted communist threat was nonexistent, as the communists internally and externally were on the verge of dissolution.

There were rumors that the Burmese military had informed the Thai military during the summer of 1988 that there would be a coup that was in the Thai interests, and had sought their understanding and quiet support because otherwise a communist government would take over in Rangoon. The commander of the Thai military visited Rangoon as the first significant foreign visitor following the coup, and in his wake a series of agreements were signed to exploit Burmese fishing rights and forest reserves along the border (the Thai had banned logging on their side because rapacious cutting of timber had resulted in major mudslides that killed hundreds).

The SLORC, ruling under martial law as the previous BSPP had done for more than a decade, passed a foreign investment law on November 30, 1988, that they touted as “the best in Asia.” Whatever its comparative merits, it was a major step ahead for a state that had been highly *dirigiste* throughout its independent history, and one that was to remain so, in spite of considerable liberalization, at least until this writing.

Concurrently, the SLORC for the first time since independence had decided to open its onshore oil resources to foreign investment (offshore exploration rights had earlier been granted under the BSPP but without significant results), and 10 foreign companies, the first being South Korean, invested in exploration with preliminary and substantial cash advances paid to the government as part of contract-signing agreements. These explorations eventually did not result in economically exploitable findings.

The partial openings to the outside world, although not sufficient to resolve all the economic problems facing that potentially rich state, were the most important positive economic steps taken since 1962. There was much more economically that needed to be done, but by mid-1997 was still unfinished,

including a real devaluation of the currency, control over the money supply, the development of an autonomous banking and financial system, an appropriate legal or quasi-legal means divorced from state politics to adjudicate economic disputes, an autonomous judiciary, better and freer access to international information, and wage scales for civil servants that would discourage the corruption that has become evident, ubiquitous, and necessary for social survival.

Had not human rights problems become so pervasive, and if the SLORC had not ignored the results of the multiparty May 1990 elections, which the military-backed party roundly lost to the National League for Democracy and its allies which swept some 80 percent of the seats, the foreign donor community would have applauded even those changes initiated as demonstrations of progress. Aung San Suu Kyi was placed under house arrest in July 1989; she came to symbolize both the opposition and democratic needs and was awarded the Nobel Peace Prize in 1991, greatly contributing to the widespread belief in Western democracies that the regime was an anathema. By ignoring the results of the election, and by continuing the repression, *corvée*, and rigid control over the media and political life, the SLORC seemed to confirm this role for itself.

Other governments did not respond in this fashion. China became the major support of the SLORC in diplomatic terms, but even more importantly with assistance of \$1.2 billion in support of the Burmese military, in foreign aid, and in investment and trade, much of which never appeared in the international accounts. The ASEAN states, many of which lacked their own democratic credentials, became heavily involved in trade and investment as well. Although the Japanese eschewed new economic development projects with the SLORC, they did restart already approved projects, provided some assistance under a humanitarian rubric, and gave some debt relief to the Burmese. The Koreans had a small aid program, and in early 1997 the Thai announced economic support of about \$16 million to Burmese development.

Foreign businesses became attracted to Burma, or Myanmar as the SLORC renamed the state in 1989, because of its obvious natural resources and its low-wage and compliant (i.e., state controlled) labor force. But the openings in Myanmar seemed far less attractive than similar openings in Vietnam, which occurred about the same time. Although Vietnam had a market almost twice as large as Myanmar, Myanmar had more natural resources. Yet the foreign investment approved in Vietnam was some four times that approved in Myanmar, which by mid-1997 amounted to more than \$6 billion, of which perhaps one-quarter had been implemented. In spite of official encouragement of the private

sector, Myanmar seemed a more difficult state in which to do business, and the foreign community was under more pressure from expatriate Burmese and other foreign activists discouraging investment in a state that was governed by a “pariah” regime.

Throughout the first nine years of direct military rule under the SLORC, the military was solidifying its power base both under present conditions and into the future. Not only did the *tatmadaw* continue to rule directly at the center, but also at all local levels of government through LORCs (Law and Order Restoration Councils). It had formed the Myanmar Economic Holdings Co., Ltd., which was capitalized at up to K.10 billion and was a completely military-owned corporation managed by the military Office of Procurement with capital supplied by active duty and retired military and other military sources. It entered into joint ventures with foreign corporations and ensured that the armed forces would have a direct, substantial role in whatever economic system evolved under any government. In addition to this means of economic power, the SLORC established the Union Solidarity and Development Association, a military-sponsored and controlled “private” group, with an important youth orientation, and whose goals included the military’s prescription for national unity as well as support for the military and some civic activities.¹⁵ Its membership in late 1996 reached over five million, and could be mobilized for mass rallies to support any SLORC position. It, too, ran a series of businesses that gave the military a greater direct economic role at some local levels. In addition, the military directly ran a large number of factories that provided the military with supplies extending far beyond munitions and small arms.

The military continued to expand in numbers as well as influence. On the eve of the coup the total armed forces of Burma were about 186,000. An intensive expansion campaign began, so that by 1996 it had reached about 330,000, with plans to expand to half a million by the end of the century. With the demobilization of much of the Vietnamese military, the Burmese military is becoming the largest military force in Southeast Asia.

The budget of the military remains partly hidden. The regime, in published statistics, has admitted in various years to about one-third of the budget devoted to the military, but observers believe this figure is more likely to be about one-half of annual state expenditures. What is evident, however, is that the military has drained the regime’s resources that might have otherwise been used for development and investment.

The future role of the military, should the SLORC’s plans reach fruition, calls

for the military under any future government to play the critical role in the state. In 1993, the SLORC began the tedious, prolonged, and heavily scripted effort to draw up a new constitution for the state. With about 700 handpicked delegates to the National Convention and in a carefully controlled environment, they have endlessly deliberated on a new constitution. By mid-1997, the process is still incomplete, but they have legally prevented any other group from coming up with alternative scenarios (which the National League for Democracy (NLD) was undertaking and which the National Coalition Government of the Union of Burma, along the border, has already done). Frustrated with the controls on the Convention, and believing the debate was essentially a sham, in 1995 the NLD walked out of the Convention, and was then expelled. By 1997, however, the NLD seemed ready to reenter the Convention, perhaps because they felt they had lost more by their absence than they gained, but the government remained mute on this point at midyear.

The new constitution will create the military as a state within a state. Its budget and operations will not be subject to civilian review, the president must have knowledge of military affairs and can declare a state of emergency—essentially initiating a coup, the military may be involved in administration at any level of government, and one-quarter of the bicameral National Assembly will be composed of active-duty military officers. The *tatmadaw* evidently plans to remain in command for the indefinite future.

The economic situation within Burma under SLORC rule, following the first couple of years, has continued to improve, although by 1997 the pace had slowed considerably. But statistics on Burma/Myanmar are almost whimsical; they are influenced by data of marginal quality, incomplete reporting, political requirements, and an underground economy that in drugs alone, and aside from an overland smuggling trade that is extensive, may be larger than that recorded. Burmese economics is also strongly influenced by the illegal drug trade because the opium poppy is the primary cash crop in much of the northern hill areas and provides extensive capital for corruption at significant levels of the armed forces and society. Now these profits are being reinvested in legal businesses in Myanmar in what are money-laundering schemes as well as profitmaking enterprises.

What one can say is that the official economy severely contracted beginning with 1987, and continued its downward trend for several years. Following the institution of an enforced quiet in the Burman heartland, cease-fires with most of the insurgent groups along the frontiers, and the beginnings of the destruc-

tion of the Karen rebellion that had been in existence since 1949 (talks between the Karen National Union and the SLORC through intermediaries were ongoing in 1997), together with an inflow of foreign investment, there were increases in the legal economy and in exports. Construction, sponsored both by the state (roads and irrigation were high priorities) and by internal and external private investors, boomed. Very heavy emphasis was placed on tourist facilities, such as hotels, and the government touted a “Visit Myanmar” year. Their initial plans to have 500,000 tourists fell far short of realization, but tourism did increase with the removal of various restrictions on visas and travel. Some predicted that the expansion of hotels was predicated not on the availability of tourists in the near future, but that it involved speculation in urban land prices which are expected to increase rapidly.

The most important single foreign investment was in the natural gas pipeline and facilities that was to ship offshore gas found in the Gulf of Martaban undersea and over land to Thailand. The venture was a joint enterprise of the French company, Total, and the American company, Unocal. It was expected to yield about \$400 million annually to the Burmese government when it comes on stream in the late 1990s. In the same general area, additional gas reserves were also found which the SLORC is planning to exploit with foreign assistance. Extensive international protests by activist and expatriate Burmese groups against the pipeline took place on both environmental and human rights grounds.

The Economic and Political Prospects from Myanmar

Although the growth that has been apparent in the past few years has strengthened the SLORC, it has affected the people unevenly. Mandalay and northern Myanmar have mushroomed with the China trade, making that area an economic subsidiary of Yunnan—a kind of “baja-Yunnan.” If major economic reforms are undertaken, then the economy is likely to continue to grow at modest rates. There are disputes among economists whether Myanmar can economically “take off” without such reforms as control of the money supply, limiting inflation, devaluation, and revision of interest rates. The natural wealth of the country would virtually ensure its continued growth if two factors are reformed. The first is the technical economic adjustments required if a rational economy is to function. These are easily identified even if they are more difficult to implement.

The second issue is the problem of politics in the economy. Here the problems become more complex, and Cartesian-clear and distinct answers may well

be lacking. The political issues facing the reform of the economy are multiple. They begin with the perceived role of the state in relation to the economy. In the precolonial period, and since independence, the government in Burma has been highly *dirigiste*. It has interfered in the economy from setting prices in the bazaars to controlling foreign and local investments, and interfering in the banking and financial systems to a marked degree. This stems in modern times from a fear of those, often foreigners, who control the markets and the misunderstanding of the nature of economics as a science. This attitude is unlikely to disappear in the foreseeable future. The heavy bureaucratic hand is therefore most likely to control the economic life of the state no matter how much the government may proclaim the magic of the market place. Economics is considered a means to retain political power, less to improve the lot of the citizenry. Economic ideology plays little, if any, role in this process today.

Corruption is likely to influence and affect negatively over the long term the efficacy of the economic reforms that have been implemented, and indeed political legitimacy. Civil servants' salaries have been frozen at rates that pauperize the bureaucracy if they do not have alternative sources of income, and some of these sources may involve corruption. Those on fixed wages are the ones that suffer most in urban areas. Corruption is also affected by the prevalence of the drug trade, which requires local consent for the traffic at the very least. Corruption not only affects the cost of doing business in Burma, but it also is related to the inconsistent and unpredictable enforcement of rules and regulations, making long-term investments in anything short of those in major natural resources (where the magnitude of the endeavor may prevent petty brokerage) most uncertain and questionable, since various other low-wage societies offer equally attractive possibilities. Corruption in Myanmar (and in Thailand as well) seems to percolate up from lower levels to supervisors, where in other societies, such as Korea, it seems to seep down from up high.

There is a shortage of investment financing available to the Burman community. Short-term lending for crop production is provided, but little is provided for capital improvements except in schemes, such as major irrigation works, under state auspices. This shortage has important implications. Those with access to capital are of two groups, in addition to foreigners who invest locally. These groups are those of the higher-level military with connections to tap into the banking system on a personal basis or who may launder funds in this manner, and the Chinese community with access to the capital available through the overseas Chinese networks of clan, language, and regional associations. We may thus find the middle class becoming Chinese (where in the colonial period, the

Indian community figured most prominently). If this were to happen, and if the Chinese are perceived to be in control of the economy, then a rise in anti-foreign sentiment might be expected which could have serious effects on both the political and economic future of the state. Insofar as the military as a whole, or certain members of the military elite, were to be closely associated with an unpopular Chinese middle class, there could be a backlash against elements of the army in power. Some believe that anti-Muslim riots of the spring of 1997 were expressions of surrogate anger against the military, or were inspired by the military to deflect attention from their own inadequacies.

The economic early warning systems that prompt adjustments in economic or social policy that are part of a modern society, including internal debate on issues, access to diverse sources of data, a critical media, and watchdog non-governmental organizations and citizens' groups, are all lacking in Myanmar. Coupled with an intensely hierarchical system of command and pervasive fear among the citizenry, the capacity of the present Burmese state to respond sensitively to changing economic needs is marginal. It is likely that this will cause the regime problems in the future. This transcends the issue of whether the military will be in direct control over the executive branch or whether they will exert influence from behind.

Should a truly civilian government come into power, some of the political problems would likely be resolved. A more open society would most probably result, and there would be greater access to information and external advice, should they be needed and requested. Yet many of the same problems would remain. The state is unlikely to allow the private sector the freedom with which the West associates with market economies, even though the rigid directions imposed on the economy in the past may be lifted. Some compromise is likely to be found. A political solution would certainly attract greater foreign investment, and major inflows would be expected. Foreign economic assistance from both multinational donors and bilateral ones would immediately be restarted. Political certainty, never to be taken as given, would likely improve. Overall, the economic advantages to the country would be greatly increased. The political future of the country is less optimistic without such a major shift in power. Minority relations will remain critical, but their improvement would in large part depend on the regime's orientation. The opposition in 1997 was more concerned with ensuring democratic governance than in negotiating with the minorities. The National League for Democracy is essentially a Burman, Buddhist party.

There are indications in mid-1997 that the Japanese would be prepared to restart their extensive foreign economic assistance program if the SLORC showed some, even modest, signs of liberalization or dialogue on political issues. Japanese businesses are fearful, as they have been since 1989, of losing a major share of the Burmese market to others (ASEAN countries and Korea), which have no compunctions about investing in Myanmar and working with its regime. Japan seems to have been following a modified U.S. lead, while the other states have not done so.

Basic to the future of political change in Myanmar are concepts of the state, power, and authority that have been remarkably consistent over centuries. This is no prediction that political stasis will remain. There is always the possibility that some incident or egregious maladministration by the army could send people into the streets once again. In addition, when the term “the military” is used, it should not imply that this group is a monolith. The very fact that the army considers attempts to split it as a heinous crime indicates that it is indeed a possibility, especially the longer they remain in power. After all, there was an attempted coup by some younger army officers against Ne Win in 1976. But change is likely to be slow. By 1997, there were rumors that the SLORC might split along “hard-line” (command personnel) and “soft-line” (intelligence and support staff). These rumors are reminiscent of similar ones from the 1980s about the BSPP, at that time between the fighting unit commanders and those within the Party structure. Others argue that although personal rivalries may be acute, the mutual need for both elements to cohere is apparent, and that the SLORC is unlikely to split. The potential role of the younger officer corps is unsure, but they are likely to become increasingly influential.

From the Pagan period to the 11th century, loyalty was not to the institution of monarchy, but to the person of an individual monarch. Institutions were not the focus of authority, but rather the individual occupying the seat of institutional power. Power was generally conceived of as limited, and thus not to be shared or delegated if at all possible. This has given rise to a system of entourages that encourage factionalism, which has been evident in Burmese politics since some representation was first initiated in the colonial period. The government believes it has a right to be intrusive, and issues of privacy and social distance from the state are very differently defined, and more strictly limited.

In Burma/Myanmar, economics has not led politics in the sense that it has in a number of rapidly growing economies. Economics, or rather the failure of

socialist economics in the Burmese context, has resulted in some economic changes, but it has not yet had any significant effect on the political process. There are those who ideologically argue that a free-market system will induce political change. It seems evident that such pressures are beginning to be apparent, and will continue to grow in Burma. This has occurred even in economies, such as China and Vietnam, which are still predicated on a single-party system. But such political change in Myanmar may be slow in coming. It may take the exposure of a new generation of military and civilian leadership to the progress made externally to convince them that their iron glove on the invisible economic and political hand may in the long run stifle their own national goals. The process is likely to be glacial.

Has Burma/Myanmar been driven either politically or economically by the prospects for growth? Until 1988, the answer was clearly no. The military regime was essentially autarkic—foreign influences were severely restricted, and the little that was allowed severely controlled. Since 1988, under the SLORC, the advantages of growth spurred by exports and foreign investment have become apparent to the military. They seem to see growth as a means to continued military control, even in a civilianized form. As a result, they now may view it as a facet of political legitimacy that they lack within the Western concept of that term in which economics is evidently important. The military may have regarded their own political legitimacy as self-evident, based on history (some of it perhaps mythic), previous reputation, and the defense of the state from internal more than external enemies. To this may now be added economic progress and the build-up of infrastructure, which they have stressed in their internal propaganda.

There is evidence in the statements of the SLORC itself, as well as in some of their actions, that the SLORC (or elements therein) may not originally have intended to retain direct control for as long as they have. They early refused to formulate economic plans because they did not plan to remain in direct command for long. This has now changed. It may be that the army once again in 1990, as they did in 1960, misgauged popular sentiment in the elections of those years and had expected the public to approve of their roles. Now, fear of both retribution and losing their privileged position, together with an understanding that Aung San Suu Kyi is still very popular in spite of attempts to marginalize her influence, may have prompted them to assume a longer, direct tenure of authority and to perpetuate themselves through a puppet civilian government.

Burma/Myanmar is an anomaly; the country is fragile; it is a state without being a nation. The cohesion that does exist may be enforced—a product of this perceived vulnerability that is strongly felt. There has been a search for an ideology to generate such unity. The identification with Buddhism by the Burman majority is a primordial loyalty, yet it splits off a number of significant minority groups. U Nu used it to win the 1960 elections, but the military had been against making it the state religion, even as they used it in their anti-communist activities. They now continue to employ it as a contribution to political legitimacy. After all, U Nu, Ne Win, and Than Shwe, chairman of the SLORC, all have built pagodas with much fanfare (Than Shwe has built two—one in Mandalay and the other in Rangoon). Buddhism will remain important.¹⁶

The army, in its previous incarnation, attempted to impose a new secular ideology, the Burmese Way to Socialism, as a means to consolidate the state. Inept management prompted this effort to fail. Since 1988, the military seems to be inculcating the population with a new approach—the military itself as ideology. It is no longer economics that is ideologically important, nor even politics, but the very functioning of the military that is the constant theme of the pervasive political propaganda machinery. It seems unlikely that this effort will succeed over time.

The role of General Ne Win since independence has been critical. His influence has been pervasive; his whims have become policy, yet now the regime downplays his role in 1997. Others would disagree, while arguing that although he does not deal in mundane matters, on critical policy issues he is informally consulted. Others consider him the *deus ex machina*, where he is credited with masterminding every obscure event and meticulously planning the most improbable political scenarios. This latter interpretation is in itself improbable, but his political astuteness should not be underestimated, nor his influence, should he choose to exert it, which is still considerable. Yet the younger military do not depend on him as their elders do, who were under his direct command in the Fourth Burma Rifles that produced the bulk of the military leadership until the mid-1990s.

Although the solution, should there be one or several, to Burma/Myanmar's problems will be internally determined, foreign affairs and expatriate observers do play important roles, and not simply as bystanders and critics. The decision by ASEAN to allow Burmese membership in 1997 will be viewed as a sign of greater political legitimacy, and in spite of close economic and official ties, Thailand remains politically skittish about Myanmar. Beyond the ASEAN states,

criticism has been extreme. Some Burmese say, however, that repression under the BSPP was more severe, economic conditions were worse, and the forced resettlement of 1958 was just as bad as that 40 years later, but there was no foreign outcry at the earlier time. Some of this can be explained by the failure of the revolution in 1988 (which had not existed in 1962) and the brutality of the repression and loss of life, some by changing international sensitivities, some by the personalization of heroism in Aung San Suu Kyi, which has immense international appeal, and some by the expatriate Burmese community which lobbies for its views.

It is questionable whether this internal support should be attributed to democracy as the term is generally understood in the West. Surely, there is an important element of that attitude among the educated, older population. But the results of the 1990 election that the NLD swept, may indicate not an understanding of the complexities of the democratic process, but rather an overwhelming sentiment to send the military back to the barracks. This is not surprising given the isolation in which Myanmar has been secluded. For foreigners to equate revolution, antimilitary sentiment, or ethnic survival with democratic tendencies may result in expectations beyond reality.

What has caused the differences among the roles of the military in our three countries of initial comparison—Burma, Thailand, and Korea? In Korea, the military left power without a whimper. This may be attributed to the growth of a dominant middle class, well and diversely educated, and the rise in overall economic status that has resulted from, and contributed to, mobility through business and through an expanded education system. In Thailand, elements of the military have been ambivalent, but there are increasing nonmilitary avenues to power through the national legislature and through business connections as well. In Myanmar, these avenues have not yet developed, or more accurately, were shut off by the military in 1962, and have yet to be reopened. Until this happens, and until there are reassurances that retribution will not be exacted by a new government, the military may try to retain power through some acceptable mechanism.

The dominant Burman culture is vibrant and shared among the members of that ethnic group. In a sense, Burma, Thailand, and Korea began their paths to development viewing economics as subservient to the political process and to political survival. Korea and Thailand have moved beyond that stage, viewing economics as a major means to improve its peoples and as a means for political legitimacy. Myanmar has yet to make that change, although it may be in transi-

tion. It is unlikely, however, that in the near term, whatever government is in control in Rangoon, that political power will be of less priority than economics.

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End Notes

1. Per capita GNP figures as calculated by the multilateral agencies and organizations for any of these countries are questionable. Even in Korea, which has the best statistics, estimates of the underground economy range from 20 to 40 percent. Thailand has an extensive smuggling record along all its frontiers with all its neighbors. Myanmar is the most problematic. The official rate of exchange (there are now also accommodation rates for various purposes) is 1/30 the free market rate. Smuggling is a major source of income. Many types of investments, such as those from China, do not appear in official statistics because they do not pass through the Board of Investment, and some estimates place the illegal narcotics trade as equal in value to the legal trade.
2. The Thai decision is more remarkable because at this time there were fears throughout Southeast Asia that the People's Republic of China would use the overseas Chinese community as means to infiltrate and create revolutions in these societies. The similarity of the religion of both groups, although Buddhists of different persuasions, made integration easier than in Indonesia, with a predominantly Muslim population. Yet the Thai integration was more complete than in Burma, in which Buddhism predominated in both countries.
3. For Korea, see David I. Steinberg, "The Republic of Korea: Pluralizing Politics," in Larry Diamond et al., eds. *Politics in Developing Countries. Comparing Experience with Democracy*. Boulder Lynne Rienner, 1995 (second edition).
4. See David I. Steinberg, "Japanese Aid to Burma: Assistance in the Tarenagashi Manner?" In Koppel and Orr, eds., *Managing Japan's Foreign Aid. Power and Policy in a New Era*. Boulder: Westview Press, 1993.
5. David I. Steinberg, *Burma's Road Toward Development: Growth and Ideology Under Military Rule*. Boulder: Westview Press, 1981, pp.77-78.
6. Director of Information, *Is Trust Vindicated? The Chronicle of a Trust, Striving and Triumph, Being an Account of the Accomplishments of the Government of the Union of Burma: November 1, 1958-February 6, 1960*. Rangoon: 1960.
7. For a discussion of the Caretaker period, see David I. Steinberg, *op.cit.*, pp.14-18.
8. Provisions in the 1947 Constitution allowed the Shan and Kayah States to opt for succession after 10 years and following a plebiscite, but few believed that such an option was realistic.
9. When asked whether General Ne Win was a socialist, a leader of the Revolutionary Council (later jailed) said that Ne Win would be a socialist when Mao Tse-tung learned how to play golf. Personal communication.
10. It was only after the end of the Vietnam War in 1975, and perhaps with Chinese acquiescence, that the United States was informally asked to restart its foreign aid program. Foreign economic assistance rose from about \$25 million in 1970 to approximately \$400 million a decade later.

11. For this period, see Bertil Lintner, *Outrage*, and David I. Steinberg, *Crisis in Burma: Stasis and Change in a Political Economy in Turmoil* (Occasional Paper #5, Institute for Security and International Studies, Chulalongkorn University, 1989), and *The Future of Burma. Crisis and Choice in Myanmar* (Asian Agenda report #14, The Asia Society and University Press of America, 1990).
12. The SLORC has been changed to the State Peace and Development Council as of November 15, 1997. This does not necessarily indicate a change in policy.
13. Ne Win tried to resign from the party itself, perhaps to avoid blame for the growing debacle, but this was against its own internal rules, and he was not allowed to do so.
14. The close association of China with Burma, especially in the arms field, created regional tensions. Because China backed Burma, India—with an unmarked border with China along the Burma frontier, was vehemently anti-SLORC during the SLORC's early years, while Pakistan, because India was anti-SLORC, shipped small arms to the SLORC.
15. See David I. Steinberg, "The Union Solidarity and Development Association: Mobilization and Orthodoxy in Myanmar." *Burma Debate*, Vol.4, No. 1, January/February 1997.
16. For a study of the use of Buddhism by SLORC, see Juliane Schober, "Buddhist Just Rule and Burmese National Culture: State Patronage of the Chinese Tooth Relic in Myanmar." *History of Religions*, 1997.