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## MYANMAR : ROAD TO DEMOCRACY OR EAST ASIAN MODEL?

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### INTRODUCTION

Myanmar is the largest country on the mainland of Southeast Asia with a total land area of 678,033 square kilometres. Following its independence in 1948, Myanmar had, between 1948 and 1958, a parliamentary form of government, mostly under the prime ministership of U Nu. A military coup, staged by General Ne Win on 2 March 1962, ended a 14-year experiment with parliamentary democracy. Ne Win, who ruled the country for about three decades, was succeeded by General Sein Lwin in July 1988, and the latter was succeeded by Dr. Maung Maung in August 1988 only to be overthrown by another *coup'detat* masterminded by General Saw Maung on 18 September 1988. Following the coup, General Maung assumed power as head of the State Law and Order Restoration Council (SLORC), and agreed to the demand of holding a multiparty election.

The SLORC organized a general election in May 1990, which led to a landslide victory for Daw Aung San Suu Kyi's *National League for Democracy (NLD)*. Gripped with disappointment, the SLORC, instead of transferring power to the elected Assembly, rather detained Suu Kyi in a house for long six years. Her unconditional release on

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10 July 1995 by the junta has evoked some queries. Why did the ruling Generals release Suu Kyi? Will they relinquish their stranglehold on power by transferring it to a civilian? Or will they continue to rule Myanmar with their own model of governance? The paper will try to address these key questions in terms of Myanmar's internal and external settings.

## INTERNAL SETTING

The internal setting will be analysed in terms of political and economic reforms that the ruling regime of Myanmar has undertaken in Yangon. It should be noted here that in Myanmar political and economic reforms seem to be intertwined; therefore, one cannot be discussed separately from the other.

*Political Reforms* : Since the military coup of 1988, the SLORC was careful enough to ensure that no civilian leadership could challenge the power of the military in Myanmar. To make it certain in Yangon, it resorted to repressive measures against the *NLD*, pacified the dissident ethnic rebels, and at the same time mapped out a plan that would legitimize its rule in Myanmar. The junta had to follow all these strategies simultaneously in order to tighten its grip on power.

### *i) Repressive measures against the NLD*

The ruling junta took several repressive measures against the *NLD*, which swept the 1990 polls, to ensure that it would not be able to resist the military onslaught into the political arena. In the latest sweep - which occurred in August 1994, ironically at a time when there were signs of more openness in other fields - several *NLD* workers, including one of its founders, Khin Maung Shwe, were arrested.<sup>1</sup> In essence what is left of the *NLD* inside the country has been forced into submission, while its exiled activists have been cut to size. The rank-

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1. *Time*, 24 July 1995, p. 18.

and-file of Suu Kyi's party now stands ramshackle. *NLD*, which had local branches all over the country, has been banned by the Generals. The junta has imprisoned or forced into exile most of her leading *NLD* supporters. Ironically, those on the Executive Committee 'who survived are commonly thought to have sold out to the SLORC.'<sup>2</sup> Back in the heady days of Myanmar's pro-democracy movement in 1988-89, Suu Kyi attracted thousands of supporters even in small up-country towns. Now things have gone under a radical change. Reportedly, many of those who supported Suu Kyi before her house arrest now prefer to stay out of politics. As one observer of Myanmar's politics states: "At that time, many business people were behind her in the belief that democracy would also mean an open economy with business opportunities. The SLORC may not have permitted any political freedoms, but it has opened up the economy. People who are now making money don't really want to change the *status quo*."<sup>3</sup> One of the more sensitive intra-party problems the *NLD* faces is the issue of a major section of its elected representatives attending the SLORC-sponsored national convention. Of the 392 *NLD* candidates elected in the 1990 elections only 223 remain in the 'officially recognized' *NLD*, the rest having been expelled or disqualified on various grounds.<sup>4</sup>

## *ii) Pacification of the dissident ethnic rebels*

In a drive to pacify the ethnic rebel groups the junta concluded peace deals with 11 of the country's 12 major ethnic and tribal groups (all excepting the Karens),<sup>5</sup> and there have not been any student protests of importance since 1990. The dissident National Coalition Government of the Union of Burma (NCGUB), whose headquarters is in the main Kaying camp at the Thai-Myanmar border, has also been

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2. *Asiaweek*, 4 August 1995, p. 17.

3. *Far Eastern Economic Review* (hereafter *FEER*), 27 July 1995, p. 23.

4. *Frontline* (Madras), 6 October 1995, p. 49.

5. *Time*, 24 July 1995, p. 19.

extremely emasculated with its "prime minister" and other top members remaining in the United States since the end of 1993, ostensibly to garner international support. Admittedly, the dissident ethnic groups constituted the most formidable threat to national security of Myanmar. Accommodating them into the mainstream of the society was an important nation-building task that the previous ruling regimes totally failed to perform. As a result, the ethnic insurgents kept fanning their discontents. Now that the SLORC has been successful to strike deals with all of them excepting one indicates that armed challenges to the ruling SLORC have been drastically reduced. This also shows that a coherent strategy towards the ethnic groups has come into force. This success of the junta injected much confidence into it by way of managing the governance of the state.

### *iii) Legitimization efforts of the SLORC*

Legitimizing the military rule in Myanmar invariably entailed some political reforms. The first political reform that the SLORC made was the replacement of the *Burmese Socialist Programme Party (BSPP)* by the *National Unity Party (NUP)*. The NUP, which was the political party of the ruling SLORC, was a feeble attempt to civilianize the government. A number of "civilians" were included in the new military Cabinet although several of them were, in fact, retired army officers. Currently, there are only three genuine civilians in the enlarged 22-man Cabinet: Foreign Minister Ohn Gyaw, Communications Minister Soe Tha, and Minister for Construction, Khin Maung Yin. It should be mentioned here that two months after the May 1990 elections, the SLORC introduced Decree 1/90 under which the upcoming national convention would be held. The Decree stated that the representatives elected by the people were responsible for drafting a Constitution. It further stipulated that "only the SLORC has the right to legislative . . . administrative . . . [and] judicial power"<sup>6</sup> by ruling

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6. *FEER*, 9 July 1992, p. 14.

out any parliamentary role for the elected MPs, which the army had promised before the elections. Induction of civilians into the Cabinet, while retaining all the pies by the SLORC, was actually aimed at camouflaging the military character of Myanmar's government. With the passage of time, the SLORC realized that mere concealing its hardline military character would not do unless it could legitimize its role politically.

Consequently, the junta **first** fixed its eyes on the framing of a new Constitution which would create a room for legitimizing its permanent role in Myanmar's politics. With this end in mind, the SLORC began, in 1993, completing the document of the constitutional convention that was supposed to be the basis for future governments. To expedite the matter, significantly, of late the SLORC has set up a national convention to draft a Constitution. Meetings, which were originally scheduled to resume in October, now have been shifted. Of the 700 delegates, only 155 came from political parties, the rest from ethnic groups and the army.<sup>7</sup> In drafting the new Constitution, the junta inducted a clause which reserved a quarter of the seats<sup>8</sup> in any future national Assembly for the military. Added to this, it inducted a provision that disqualified from the presidency anyone married to a foreigner and did not have familiarity with the military<sup>9</sup> - a provision which was ostensibly aimed at eliminating Suu Kyi who got wedded to a British academic, Michael Aris. Clearly, these constitutional reforms were indicative of the SLORC's intention to broaden the power-base of the military and to retain its own pie.

**Second**, when the SLORC noticed that the *NUP* was no longer faring well in bringing the desired feedbacks, the ruling regime organized a pro-government mass movement called the *Union Solidarity and Development Association (USDA)*, which the SLORC

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7. *Asiaweek*, 4 August 1995, p. 17.

8. *Time*, 24 July 1995, p. 19.

9. *Ibid.*

could even transform into a party that could challenge Suu Kyi's *NLD*. It is argued that through *USDA* the *SLORC* could exercise control under a civilian front. Unlike the *NUP*, the *USDA* is not registered officially as a political party - it is an association; so the law that prevents civil servants and army personnel from joining political parties does not apply. Membership in the *USDA*, contrarily, is expected of civil servants, and reportedly many have signed up over the past year. The *USDA* is evidently replicated after Indonesia's ruling mass party, the *Golkar*, and significantly high-ranking officials paid several visits to Indonesia<sup>10</sup> before the *USDA* was formed. Reportedly, the Yangon-based diplomats confirmed that the *SLORC* game plan was to create a political system which at best would resemble Indonesia of the late 1960s. As to the new Constitution, it would be essentially the same as the one promulgated in 1974 and abolished when the *SLORC* assumed power in 1988, but with two main differences. One: a multiparty system would be enshrined; two: a bicameral parliament would be introduced with a directly elected lower house and an appointed upper house representing Myanmar's various ethnic groups. A Yangon-based diplomat noted: "the old, pre-1962 federal system is not going to be reinstated; it will be a highly centralised power structure in which the army will remain the most crucial player, perhaps even with the constitutional right to assume power if the situation so demands."<sup>11</sup>

To effect another change in Myanmar that became *sine quo non* domestically was related to the issue of release of Suu Kyi. It was in the year 1993 when the ruling junta took the first concrete steps to improve its tarnished image globally. As follow-up in the year 1994 (on September 20), two Myanmarese key military overlords, the *SLORC*'s Chairman General Than Shwe and Intelligence Chief Lieutenant General Khin Nyunt, held the first ever direct talks with Suu Kyi. The meeting between the Generals and Suu Kyi, who was

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10. *Asia 1995 Yearbook*, (Hong Kong, 1995), p. 94.

11. *FEER*, 23 July 1992, p. 20.

still under detention, came following a visit to Myanmar by the Britain-based Myanmar Buddhist monk, the Rev. Revata Dhamma who met Suu Kyi in Yangon in August 1994 to mediate talks between the two sides. Two months prior to the historic meeting in Yangon, Thai Prime Minister Chuan Leekpai, told the visiting Myanmar Foreign Minister Ohn Gyaw that Suu Kyi's release was "the key to solving Burma's political and economic problems."<sup>12</sup> In late 1994, arguably, it was still too early to forecast where the direct talks would lead to. At that time it was apparent that the ruling authorities were least bothered to take any chances when it came to securing a powerful, if not dominant, role in any future administration by legitimizing army role.

**Economic Reforms** : Myanmar, which plunged itself into isolationism for decades by cutting itself off from the rest of the world to experiment its own version of socialism as a development model, began realizing that it foolishly erred in its ego to set up its own version of socialism in the country. That was a Himalayan-like blunder which gave Myanmar 'one of the poorest countries status' in the world. The SLORC, getting the message, decided to take Myanmar along the growth model of capitalist economy for which it needed to pick up a development model. The miracle success of the East and Southeast Asian development model drew its attention and hence by choosing the model it opened up Myanmar to the world in the form of economic reforms.

Benefits from economic reforms introduced in late 1988 began showing in the form of the arrival - for the first time in decades - of foreign investment as well as increased private domestic investment. The economy grew by 6% in 1993-94, a marked improvement from the negative growth which Myanmar experienced in the late 1980s.<sup>13</sup>

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12. Cited in *Asia 1995 Yearbook, op. cit.*, p. 94.

13. *Asia 1995 Yearbook, op. cit.*, p. 96. Also, *Regional Outlook: Southeast Asia 1995-96*, Institute of Southeast Asian Studies, Singapore, 1995, p. 63.

With the exception of forestry sector where extraction of timber was deliberately controlled by the government to stop over-exploitation, all economic sectors performed well in 1993/94. Double-digit growth rates were achieved in mining, financial, power, and manufacturing and processing sectors: 21%, 18.8%, 13.9%, and 10.3% respectively. Moderately strong growth rates were registered in the construction sector (7.6%) and the agricultural sector (5.4%).<sup>14</sup> Furthermore, exports in 1993/94 grew by about 14%<sup>15</sup>, as a result of the expansion of economic cooperation with Southeast Asian neighbours. Together these made it possible for the economy to achieve a respectable 6% overall GDP growth rate. Significant reform measures were carried out in the financial sector in 1993/94. In early 1993, foreign exchange certificates were introduced to facilitate tourism and to enhance foreign exchange earnings. This constituted a *de facto* devaluation of the local currency at 100 to 110 kyats a US dollar.

There is an abundance of consumer goods, trade in the local markets is brisk and foreign investment is coming primarily from neighbouring countries in Asia. New factories, shops, hotels, restaurants and private buildings have sprung up in Yangon and even more so in the northern city of Mandalay. Private banks are operating again, for the first time since the early 1960s when all private enterprises were nationalized. In 1994, 13 private banks were allowed to establish, and four of them with close links with the government were allowed to handle foreign currencies.<sup>16</sup> Chin Beng, the chief representative of Development Bank of Singapore in Yangon, claims: "There are some [Singaporean] businessmen who say they have made more money here than in Singapore."<sup>17</sup>

When the current military ruler seized power in September 1988, the country was on the verge of bankruptcy. Its foreign-exchange

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14. *Regional Outlook: Southeast Asia 1995-96, op. cit.*, pp. 64-65.

15. *Ibid.*, p. 65.

16. *Ibid.*, p. 66.

17. *FEER*, 16 February 1995, p. 50.



reserves were estimated at less than US \$10 million.<sup>18</sup> To find a way out of the crisis, the country began selling natural deposits such as timber and precious stones. A new, liberal Foreign Investment Law was enacted in late November 1988 and private enterprises were allowed. The country was also opened to about a dozen foreign oil companies, which in 1989-90 secured on-shore concessions.<sup>19</sup> Each company had to pay a hefty signature bonus, and commit to spending large amounts of money. Like Vietnam, Myanmar's promulgated liberal Foreign Investment Law allows wholly-owned foreign ventures a three year tax break, and in theory, at least, the repatriation of profits. Some foreign businessmen claim Myanmar could be an even easier place to do business than other emerging markets in Indochina.<sup>20</sup> Since the introduction of the Foreign Investment Law in November 1988, at least 30 joint ventures have been established with foreign investors.<sup>21</sup> In 1993/94, there were already 582 private hotels and tourist enterprises, and 31 regional and functional chambers. In sum, the total number of private enterprises increased by 1,239% from 874 to 11,075 since 1988.<sup>22</sup> On the other hand, the total number of private factories and establishments grew from 39,059 in 1987/88 to 40,145 in 1993/94, which is only about 2.7% increase within six years.<sup>23</sup>

In anticipation of a tourist boom, four Singaporean companies, among them CDC Construction and Development, completed a 265-room hotel in Yangon in mid-1994.<sup>24</sup> Singapore's investment in 23 projects totalled US\$ 293.3 million as of October 1995.<sup>25</sup> Other coun-

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18. *Asia 1995 Yearbook*, *op. cit.*, p. 96.

19. *Ibid.*

20. *FEER*, 16 February 1995, p. 49.

21. *Regional Outlook: Southeast Asia*, *op. cit.*, p. 65.

22. *Ibid.*

23. *Ibid.*

24. *Asia 1995 Yearbook*, *op. cit.*, p. 97.

25. *FEER*, 16 February 1995, p. 50.

tries are also investing. Malaysian businessman Robert Kuok, who controls the Shangri-La chain, committed US\$ 150 million through his Singapore company to build two more hotels.<sup>26</sup> The Bangkok-based Sino-Burmese Ho family announced that it aims to raise US\$ 100 million for the Myanmar Fund which would build a 450-room hotel in Yangon, and has won approval for a US\$ 50 million project in Mandalay.<sup>27</sup> Hong Kong-based Kerry Securities launched the US\$ 30 million Myanmar Fund, Myanmar's first ever country fund. South Korean conglomerates have also joined the race. Daewoo, for example, has invested US\$ 6 million in garments, timber, and electronics projects.<sup>28</sup> The pace of foreign investments has surged in the last few years. Total approved foreign investment hit US\$ 1.3 billion at the end of 1994, up from US\$ 735 million in March 1992.<sup>29</sup> Since Myanmar's economy opened up in 1990 the country has attracted over US\$ 2.5 billion as foreign investment, with the United Kingdom, the United States, Singapore and Thailand topping the investors' list.<sup>30</sup> Thus far, privatization has proceeded slowly. The private sector now accounts for 76% of GDP, up from 68.6% eight years ago.<sup>31</sup> Officially, GDP grew 6% in fiscal 1994, double the rate of recent years. Independent assessments suggest the economy has grown at about 5.6% annually since 1992. Predicting even higher growth, U Set Maung, a government economic advisor, asserts: "We expect to achieve between 8% and 10% this year [1995]."<sup>32</sup> The government expects to export US\$ 1 billion in the fiscal year ending in March up from US\$ 67.5 million a year earlier.<sup>33</sup>

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26. *Asia 1995 Yearbook*, *op. cit.*, p. 97.

27. *Ibid.*

28. *FEER*, 16 February 1995, p. 50.

29. *Ibid.*

30. *Frontline*, 16 October 1995, p. 49; *Time*, 24 July 1995, p. 20.

31. *FEER*, 16 February 1995, p. 50.

32. Cited in *ibid.*

33. *Ibid.*

Reforms carried out on the political and economic fronts give a pointer that the SLORC spotted four goals which it needed to attain in order to preserve the *status quo*. The first two - to grind the *NLD* and to build up a constitutional basis for military rule - have almost been successful. The third was to strike ceasefire deals with the country's main ethnic dissidents. In this respect too it has fared well. The fourth task in the SLORC's overall strategy appeared to be to galvanize the economic growth along the path of market-oriented economy. Aside from a desire for overall development of the country, this has also been done to some extent to make people oblivious of politics.

Hence, broadly, one may argue that by freeing Suu Kyi, the ruling junta is evidently sanguine that it can make political concessions demanded by the international community without loosening its grip on power. The military rulers took this calculated risk because in their calculation power equation now stood transformed as they seem to believe they have crushed Suu Kyi's *NLD*, and have created conditions that will make its (*NLD*) revival slow and difficult. The SLORC further calculated that by releasing and in allowing Suu Kyi to meet with her party colleagues who were also released recently, it could gain wider international acceptance in the form of opening up the door to more foreign investment, loans, aid, and tourism without much difficulty and danger. Since the detention of Suu Kyi was the sticking point that acted as an impediment to bring more aid, investments, trade, and tourism at home, the ruling Generals, in the wake of changed condition, freed Suu Kyi obviously with the expectations that it would speed up the flow of foreign investments, aids, trade and tourism on which the growth of economy is dependent. The Generals' calculated risk paid off when Japan and Germany, which stopped further flow of aid, assured that they would revive the process immediately following Suu Kyi's release.

Given the facts that Myanmar's military rulers appear strong and confident, united and in effective control of most of the population, that almost all organized political, religious and ethnic minority

oppositions have been dispersed or co-opted, that the news media is under firm state control, and that the economy is booming although it needs more outside investment, the junta was happy to see that its grip on power got consolidated further where maximum openness of governance remains qualified - an element obviously modelled after the East and Southeast Asian model. With the economy growing, most people seem unwilling to take risks for democracy that could upset the stability of the country. But the million dollar question that haunts the observers' mind is: where will Suu Kyi's release take Myanmar to? Trends that have surfaced on the economic front following the economic reforms show that Myanmar has opted for a growth model of capitalist economy copying the East and Southeast Asian model.

Seen from the internal setting, both political and economic reforms that the SLORC have injected into the Myanmarese polity give indications of the junta's intention of moulding Myanmar after the East Asian model. Indeed, notable internal mobilization of politico-social forces in favour of the SLORC gave it enough confidence to take the country towards that direction. This has been further complemented by Yangon's external setting.

## **EXTERNAL SETTING**

Here discussion will centre on the Myanmar's ruling junta's fascination for the East Asian model, the external actors' reactions to democracy, and the external setting as a whole.

The ruling junta of Myanmar appears keen on drawing experiences from countries like Indonesia, Malaysia, Thailand, Singapore, Japan, and South Korea in order to give the future shape to Myanmar's power structure. It tends to be fascinated for and pulled by the virtually one-party-rule in Indonesia,<sup>7</sup> Malaysia, Japan, South Korea, and Singapore. There is a striking similarity between the political history of Myanmar and Indonesia as far as military coups and army rules are concerned. So is the case between Yangon and

Seoul. In all these three countries civilian governments were overthrown in military coups, and the countries were ruled by a single party for decades. All the three countries witnessed pro-democracy movements which were ruthlessly crushed by the military regimes. Whereas Indonesia and South Korea succeeded in improving their economy, especially South Korea (now one of the East Asian Tigers), Myanmar miserably failed in this regard due to its self-imposed isolationism from the world community. Following the 1988 coup, the new rulers were awakened to the senses that Myanmar could not afford to remain isolated from the rest of the world and keep following the Myanmarese way of socialism, plunging the country further into isolationism and risking the fate of the country's economy. Consequently, the junta began searching for a path of development, which would ensure the upliftment of the country's economy and, at the same time, would not loosen its grip on power. Politically as well as economically, it appears that the ruling SLORC has embarked on the path of development that is reminiscent of the experience of Indonesia's 'non-political' *Golkar* party.

*Golkar* is an army-sponsored group whose mission is "to engage in politics to suppress politics."<sup>34</sup> It embraces all civilian interest groups not linked to parties and claims to represent 270 affiliated groups from all walks of life.<sup>35</sup> It is very significant to mention here that Myanmar's rulers intend to replicate the *dwifungsi* ideology of the Indonesian military, which would let them play a role both in defence and government.<sup>36</sup>

Indonesia is cited as a glaring example of the Asian strong state, where the state controls all aspects of political and economic life, and co-opts all institutions that could even potentially challenge the state. Singapore is being mentioned as another strong state of Southeast

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34. Cited in *Encyclopedia of the Third World*, (Mansell Publishing Limited, London, 1982), pp. 820-821.

35. *Ibid.*

36. *FEER*, 17 July 1995, p. 44.

Asia, where leaders do use the state's agencies to compel people to do what they want them to do. However, in all the above mentioned countries, the notion of democracy was accepted, but Western "liberal" elements referring to open competition, maximum participation by the citizens, and setting of limits to governance over society and over the individual, were qualified.

Following Suu Kyi's release the responses that Myanmar received from the external powers have given the SLORC an incentive to get through its plan. The following discussion which reflects ASEAN experiences about democracy will make this point clearer.

The Asian ambivalence about democracy can be judged from local attitudes to Myanmar's junta. Publicly, ASEAN has cautiously favoured the release of Suu Kyi. Privately, many Asian diplomats have argued for the opposite.<sup>37</sup> Countries like Singapore, Malaysia, and Indonesia have suggested that Western demands for democracy risk plunging Myanmar into violence and disorder.<sup>38</sup> Indonesia began life as an independent nation with a democratic system, but saw it give way to the authoritarian rule of Suharto and his Generals. Over the years Singapore and Malaysia seem to have grown less, not more, democratic, and recent events in Thailand and Cambodia have not provided much encouragement for democrats. The election in Thailand in July 1995 was marred by widespread vote-buying. The success of a coalition dominated by the *Chart Thai* party, which draws its strength from the poorest part of the country, may lead to a resurgence of corruption and patronage-based politics. It could provide an *alibi* for the army to intervene once more - a dismaying prospect for many Thais, who had hoped that the success of the pro-democracy movements in Bangkok in 1992 had put the soldiers back in their barracks for good. The setbacks in Cambodia are even clearer. In

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37. *Economist* (London), 15 July 1995, p. 11.

38. *Ibid.*

1993, despite general scepticism, 90%<sup>39</sup> of Cambodians went to the polls. Under the UN's watchful eye, a Consitution was written that was strong on things like women's rights and press freedom. But deeds have not matched words. Freedom of speech has steadily been eroded, and subsequently the most outspoken member of the Opposition was expelled from Cambodia's Parliament. These developments only reconfirm that Western liberal democracies are not in tune with Asian values and hence not a much-coveted model to be replicated. The military junta of Myanmar seems to have learnt from these recent setbacks of Asian democracies.

Seen from the angle of the emerging politico-strategic environment of the region following the end of the Cold War and Myanmar's interactions *vis-a-vis* the regional actors, it appears that Yangoon is ideally suited to fall in line with the East and Southeast Asian model.

On the external front, the key external actors are the People's Republic of China (PRC), Japan, ASEAN, and India. Of all, Beijing has important strategic interests in Yangoon. As donors Japan and ASEAN have no important strategic interests in Myanmar. The West, including the United States, seems to have envied the PRC's economic-strategic influence over Yangoon. It is not to their liking that Beijing gains a strategic foothold in Yangoon. The PRC's monopolization of Yangoon's arms *bazaar* has been viewed by the U.S. as a great economic loss for it. So is the case with India which would want Myanmar wean away from the PRC - a line of policy which countries of ASEAN endorse strongly. New Delhi has apparently legitimate grounds as to why it wants Yangoon wean away from the hold of Beijing. It is worth reflecting that, traditionally, Myanmar has been a buffer state between the PRC and India, and a strict neutrality has been maintained between the two by the successive Myanmarese governments excepting the current military regime. Consequently, striking a balance between the two has become a cons-

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39. *Ibid.*

tant policy dilemma for the SLORC. Most disturbing is the late 1994 intelligence reports that hinted that Beijing was putting pressure on Yangon to allow the former access to three key, strategically located islands along the latter's coast. They included Ramree, south of Sittwe in the western Arakan State; Coco Island in the Indian Ocean, and Zadetkyi Kyun, or St Matthew's Island, off the southeastern Tenasserim coast.<sup>40</sup> The last one is sensitive because that one is a long and rugged island located outside of Myanmar's southernmost point, Kawthanung or Victoria Point, close to the northern entrance of the Straits of Malacca.

Plainly, Beijing's traditional arch rival New Delhi views these developments with great concern because they do not augur well for it. India has reasons to be concerned because the Coco Island is located barely 55 kilometres from its naval base on the Andaman Islands. Any sophisticated signals intelligence equipment on the Coco Island would also be able to observe New Delhi's missile tests at Chandipur-on-Sea on the northern coast of the Bay of Bengal.<sup>41</sup> Sensitivity of the issue has compelled India to make several diplomatic representations to Myanmar regarding it during 1993 and 1994. Seen strategically, India cannot but wish offsetting Chinese influence surrounding the areas. Any Chinese influence in the Indian Ocean will tamper with India's long-nourished policy: no external power should be allowed to gain influence in the Indian Ocean at the cost of New Delhi's. An Indian defence journal described the PRC's rapidly increasing influence in Myanmar as "an ominous development".<sup>42</sup> The *Times of India* reported that Indian defence officials are "deeply concerned" that a Chinese military presence in Myanmar would remove the buffer which India has traditionally enjoyed on its eastern border.<sup>43</sup> It is worth

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40. *Asia 1995 Yearbook, op. cit.*, p. 95.

41. *Ibid.*

42. As cited in *Asia 1995 Yearbook*, (Hong Kong, 1994), p. 99.

43. As cited in *ibid.*



reflecting here that faced with the fear of Chinese extra-territorial ambitions, Indonesia accepted India's invitation to conduct joint naval exercises in early 1994 not far-off from the Coco Island.

Chinese expansion into the Indian Ocean *en route* Myanmar will likely to open up a new front for the ASEAN as well, which had, until recently, been voicing grave concern about Indian naval expansion. Following the SLORC's cruel and inhuman treatment of its Muslim minority, Indonesia, Malaysia and Brunei have publicly ventilated their concerns about Beijing's presence in an area close to the Malacca Straits and western Sumatra.<sup>44</sup> Like India, Thailand, once a close ally of the PRC during the Cambodian conflict, is equally disturbed by Beijing's arming of Myanmar and its potential military role in its western maritime littoral. The same appears to be true in case of Vietnam too. Hanoi's phobia of Chinese expansionism stems from Beijing's claim over the Spratly Islands - a very sensitive issue over which Hanoi has exchanged verbal duels with Beijing. Appalled at the Chinese growing presence in the region, Vietnam finds India as a counterweight to the PRC's power. Singapore and Brunei, the region's smaller countries, also look upon India's military might as a useful counterbalance in maintaining a geopolitical equilibrium in the region.<sup>45</sup> Beyond the region, Japan has also projected its concern. Viewed from Japanese perspective, the PRC's domination over the vital sea lanes, first via the Malacca Straits and then through the Spratly Islands, is detrimental to Tokyo's economic and security interests.

Thus, new strategic environment surrounding the region has forced India to become closer with the ASEAN. This New Delhi ach-

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44. A senior Indonesian military officer told the *FEER* that Indonesia was "worr[ie]d" about the close relationships between Myanmar and China. *FEER*, 3 March 1994, p. 27, & 25 November 1993, p. 11.

45. M. Ohashi and J. Tankanosu, "Southeast Asians Eye Western Frontier," *Nikkei Weekly*, 17 May 1993, p. 24; Ranjan Gupta, "Singapore Buys Indian Protection as Old Friendships Cool," *Australian*, 17 February 1994, p. 14.

ieved by supporting the ASEAN in their efforts to wean Myanmar away from the Chinese ambit in order to end Yangon's dependence on Beijing. The Chinese influence on Myanmar seems overriding. Substantial aid from the PRC comes mostly in the form of interest-free loans and supplies such as arms and heavy equipment. In October 1989, China and Myanmar signed a US\$ 1.2-1.4 billion arms deal.<sup>46</sup> China's trade with Myanmar is now conservatively estimated at US\$ 1 billion a year;<sup>47</sup> this does not include a lucrative cross border traffic in narcotics from Myanmar's sector of the Golden Triangle. As U Set Maung puts: "We [Myanmarese] ask and they [Chinese] give."<sup>48</sup> Beijing recently built a US \$50 million road bridge across the Irrawaddy River on the outskirts of Yangon.<sup>49</sup> The PRC is also a consultant on the planned international airport at Pegu, 80 kilometres from Yangon. It is also bidding for a contract to modernize Mandalay's airport.<sup>50</sup> China's next step towards strengthening its grip on Myanmar is reported to be the construction of a munitions factory near the town of Magwe in the central Myanmar's plain.<sup>51</sup> The World War II-era Myanmar Road, which connects Lashio in northeastern Myanmar with China's Yunnan province, is already being upgraded with Chinese assistance. The Chinese have now promised to build 3 new roads linking Yunnan with Myanmar's northernmost Kachin state. A hydro-electric power station could also be built in Kachin state to supply its two main towns of Myitkyina and Bhamo.<sup>52</sup> Observing Chinese unbridled growth of influence in Myanmar, a Yangon-based diplomat opined: "The Chinese have won through diplomacy what the rebels

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46. *FEER*, 11 February 1993, p. 28.

47. *Ibid.*

48. Quoted in *FEER*, 16 February 1995, p. 50.

49. *Ibid.*

50. *Ibid.*

51. *FEER*, 11 February 1993, p. 28.

52. *Ibid.*

failed to achieve on the battlefield. *Today, China controls Burma economically, militarily and politically*<sup>53</sup> [emphasis added].

It should be noted here that the SLORC was very quick to receive political and economic assistance proffered by some countries of ASEAN, especially Thailand. However, Bangkok's assistance was not at all sufficient. The SLORC was, in fact, looking for a power which could give it a broader diplomatic protection at a time when its image got tarnished in the eyes of the world community for its anti-democratic measures. It was the PRC which seemed to be willing to offer immediate diplomatic protection, (including in the UN Security Council), arms, project aid, technical assistance and finance, all on very generous terms. It was again the PRC which was in a position to provide heavy equipment to revive Myanmarese industry, and cheap consumer goods, which the SLORC hoped would dampen down popular discontent. "Faced with these attractions," asserts a Myanmar observer, "Ne Win and the SLORC took the difficult decision to abandon Burma's commitment to neutrality and *economic autarky* (emphasis added), and to sup with its traditional enemy. It was seen by the embattled military regime as a matter of survival."<sup>54</sup> Members of the international community, like Australia, could not but abandon its call for an economic boycott of the SLORC, for the call became immaterial at the face of continued Chinese assistance. China and South Korea are two exceptions to the list of donor states expressing no concern about human rights in Myanmar.

Presently, countries such as Japan, South Korea, and Thailand are keen to strengthen trade links with Yangon before the PRC occupies all the markets. To the countries of ASEAN the growing strong Chinese influence in Myanmar is also a disquieting sign. They are

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53. *Ibid.*

54. Andrew Seth, "The China-Burma-India 'Triangle' in Sandy Gordon and Stephen Henninghan (eds), *India Looks East: An Emerging Power and its Asia-Pacific Neighbours*, Canberra Papers on Strategy and Defence, No.111, (The Australian National University, Canberra, 1995), p. 198.

seemingly in harmony with New Delhi that Chinese influence be contained by courting Yangon to their embrace. Realizing it fully, the SLORC shrewdly exacted some concessions from several countries. New Delhi, which was critical of the SLORC, and was in favour of pro-democracy movement, toned down its critical stance and switched over to a two-pronged strategy as it came to the realization that too harsh a stance against the SLORC would further push Myanmar into the PRC's lap. On the other hand, ASEAN, which was not a party to the international condemnation of the SLORC for its suppression of the 1988 pro-democracy movements, has, of late, rather increased the frequency and level of contacts with Myanmar.

It should be mentioned here that within the ASEAN grouping, Myanmar draws more attention in Singapore, Thailand, and Malaysia. Of all Southeast Asian countries, Thailand, the single largest investor in Myanmar, is positioned third among the top 10 foreign investors there.<sup>55</sup> Singapore is considered to be the third most important player in Myanmar's foreign policy and defence considerations. It is a supplier of arms to Yangon and a key source of foreign investment. Currently, Singapore has emerged as the largest foreign trading partner of Myanmar after the PRC. Of late, Malaysia has also become a source of investment, especially in the field of tourism and hotels.

While commercial interests are clearly important, to a significant extent these initiatives also stem from ASEAN's concerns about the PRC's close relationship with Myanmar and the strategic implications for the wider region. One Beijing-Yangon watcher contends that ". . . but ASEAN rather than China is seen to offer the best models for Burma over the longer term. This applies not only to economic development. Even ASEAN political systems are being examined by the SLORC. . . ." <sup>56</sup> [emphasis added]

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55. *Time*, 24 July 1995, p. 20.

56. Andrew Seth, *op. cit.*, p. 201.

Recent ASEAN's invitation to Myanmar to become a member of the Association could be argued as yet another diplomatic victory for the SLORC, signalling the grouping's willingness to continue business with the Myanmar's authorities. As noted earlier, ASEAN did not join in the international criticism of the SLORC's anti-democratic movements in 1988. Significantly, condoning the SLORC's repressive measures, almost all the ASEAN states resumed investment and trade with Myanmar. So did Japan after the initial suspension of aid. So did China which monopolized arms *bazaar* of Myanmar. And so did India which adopted a two-track approach, meaning supporting the release of Suu Kyi and carrying on business with the SLORC at the same time.

### CONCLUDING OBSERVATIONS

Viewed conservatively, it may be difficult at this stage to say something conclusively. Nevertheless, some pointers are in order. Myanmar, which was until recently viewed *terra incognita*, has been compelled to open itself to foreign investment and economic liberalization following decades of self-imposed isolationism. Clearly, the junta released Suu Kyi because it wanted to shed off its pariah image in an attempt to gain wider acceptance in the international community.

Both internal and external dynamics of Myanmar explained thus far show that the ruling SLORC will like to rule Myanmar through its own model of governance. The messages that the junta wants to convey to the world community is that Myanmar's army is inextricably an integral part and parcel of Myanmar politics and society. More important, it wants to convey that in any future drafting of Constitution, the role of the Myanmar army must be legitimized in the eyes of Myanmar's people and the world community as well. Analysis further shows that Myanmar's ruling junta has developed a syndrome *a la* East Asian model.

On the other hand, Suu Kyi's message is that democratic reforms must be effected in order to establish democracy in Myanmar, for which she has to create conditions to hold new elections. For sure, she alone cannot do that. It is a two-way process. The Generals will have to shake hands with her. Will they do so? Will they listen to what Suu Kyi wants them to listen? Since her release, the Generals have refused to have any word with her. This shows that they have been applying the time-buying strategy. They will keep playing this game of waiting until all parties - domestic and foreign - accept the government on its own terms and conditions.

On the external front, all the major external powers - Japan, India, the ASEAN, the West - are very concerned and worried about the Chinese potential influence in Myanmar. They are in accord that Beijing's influence must be checked before it goes beyond their capacity. The PRC feels comfortable to deal with an authoritarian regime. To the ASEAN, and doing business with Myanmar appears to be the main concern. So it is with India too. None of the external actors has voiced concerned about the authoritarian rule of the SLORC. It is a clear indication that they do not take exception to the ruling Generals' tightening grip on power. Such an external setting in which Myanmar interacts gives the ruling SLORC strong incentive to govern Myanmar through its own model of governance.