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Democratization and Good Governance in Myanmar/Burma

미얀마의 민주화와 굿거버넌스

Eduardo Zachary Albrecht(에두아르도 자카리 알브레트) · Amit Arora(아미트 아로라)

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### 국문초록

이 논문은 현재 미얀마의 민주개혁에서 대해 살펴보고, 실행하려는 “굿거버넌스”를 평가하여 이것들이 모든 시민들에게 영향이 미칠 수 있는 지 알아보려고 한다. 유엔경제사회위원회는 아시아와 태평양연안의 나라들을 위해 굿거버넌스는 공정하고 소수민족들의 입장도 포함하여야 한다고 정의했다. 논문의 방법론은 역사적인 관점에서 묘사되었다. 이론적인 프레임워크는 Acemoglu and Robinson's의 회의 기관-나라의 발전 전망에서 파생되었다. 논문은 국가의 제도변경에 대한 다양한 학자들의 견해를 바탕으로 작성되었다. 이것은 두 단계를 걸쳐 완성되었으며, 첫 번째 단계는 미얀마의 정치적인 역사를 통해 이루어졌으며, 두 번째 단계는 현재의 정치적인 상황에 맞춰 작성되었다. 논문은 국가가 제도적인 변화를 부인할 수 없는 반면, 소수민족(총 인구의 약 1/3)에 대한 조건은 전혀 개선되고 있지 않은 현실을 찾아낸다. 몇몇의 상황들은 외국자본의 유입증가로 인해 상황이 더 악화되었고, 이것은 정부의 공모를 통한 소수민족에 대한 토지수용 결과를 낳았다. 개인재산권에 대한 목표는 미얀마에서 개혁되고 있는 굿거버넌스가 좋은 방향으로 이끌어 지기에는 힘들 것으로 보인다는 결론으로 맺는다.

주제어 : 민주화, 좋은 거버넌스, 소수 민족, 미얀마/버마, 외국인 투자, 아웅산 수치 여사, 전국민주연맹(미얀마의 최대 야당)

## I. Introduction

This paper looks at the current changing dynamics of politics in Burma.<sup>1)</sup> The paper will investigate what steps have been taken to strengthen and foster it economic, political and civil society. The dramatic political reforms occurring in

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\*\* Eduardo Zachary Albrecht is corresponding author and Assistant Professor in the Division of International and Area Studies of Pukyong National University.

\*\*\* Amit Arora was a graduate student at the Division of International and Area Studies of Pukyong National University. He graduated with a degree of Master of Arts in 2013.

1) In 1989, the military government changed the name of the state of Burma to Myanmar. Other names were changed too; e.g. Rangoon to Yangon, Irrawaddy to Ayeyarwady, Akyab to Sittwe and so on. For linguistic simplicity and without any political connotation, we have chosen to hereafter use the name Burma instead of Myanmar. “Burmese” refers to the wider citizenship and common language of the people inhabiting Burma, while “Burman” more specifically designates the country’s dominant ethnic group. Burma is indeed also inhabited by non-Burman (yet Burmese) ethnic minorities, such as the Karens, Kachins, Chins, and so on.

Burma today, such as the new constitution and the recent elections, are the first tentative footsteps being taken toward democracy after more than 60 years of independence. We will seek to answer the question: what new doors of "good governance" are being opened for Burmese citizens? According to the United Nations Economic and Social Commission for Asia and the Pacific, good governance is a governance ideal that is founded on 8 major characteristics.

It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society... Very few countries and societies have come close to achieving good governance in its totality. However, to ensure sustainable human development, actions must be taken to work towards this ideal with the aim of making it a reality. (UNESCAP 2006)

Burma, with its past history of military rule, and with the rapid changes occurring today, is a suitable candidate for exploring the difficult transitions that occur when shifting toward good, or at least better, governance. Burma is a particularly good case for corruption studies, given that, according to Transparency International's 2008 report, Burma came in at the second-to-last place, only ahead of Somalia, in terms of corruption. Corruption is so conspicuous and widespread that, when the tropical cyclone Nargis hit the Irrawaddy Delta area southwest of the capital, killing 140,000 and displacing 2.5 million, the military junta in command sold on foreign aid supplies which were intended for the cyclone hit people (see Community of Democracies 2012: 172).

The paper is divided in five sections. The first is this introduction. The second and the third deal with the political history of Burma. The second starts with the Burmese struggle for independence and describes the roots of the conflict between the Burmese ruling regime and the several different ethnic groups of Burma. This section will also recount the role of British colonization on the conflicts of Burma and how British rule contributed to intensifying pre-existing differences among different ethnic groups in Burma. The third section will look at the transition from colonial rule to independence, and will examine the policies enacted by the military governments of post-independence Burma. By the end of this section, the reader

may consider how colonial and post-colonial political and strategic realities in Burma have contributed to many of the issues the country faces today.

The fourth section of the paper talks about the current political reforms and positive democratic changes in Burma. The section will try to look at the argument from both sides of the current debate (those who believe that these changes are real and significant, and those who view these changes with skepticism). The fifth section will look at the policies of foreign nations toward Burma, including the sanctions regime imposed by the US and the EU, relations with China and ASEAN, and the recent increase in foreign companies' interest in investing in Burma under the current changing political scenario. In particular, we will look at to what extent the new political reforms and foreign cash flow will help reconcile divisions and develop good governance practices in Burma.

The theoretical framework utilized in this paper is borrowed from Acemoglu and Robinson's book *Why Nations Fail* (2012). In this book they put forth an innovative theory that explains why certain nations fail to provide their citizens with basic state services and are instead rife with corruption and exploitation. They start by pointing out that the geography or culture hypothesis are insufficient to explain the widespread proliferation of corrupt governments in many parts of the world. They also insist that dysfunctional governments are not a result of ignorance on behalf of local administrations on how to run an efficient government. As such, development policies aimed at "fixing" the "incorrect" macroeconomic or microeconomic policies of local governments are criticized as missing the point entirely.

They propose, instead, to understand the existence of highly corrupt governments from the point of view of the development of institutions through history. The inefficient and exploitative governments that plague the world today are the result of historical processes that hark back hundreds of years. Modern day corrupt institutions in Latin America, Africa and Asia, they say, have been inherited from the colonial administrations of the past centuries, which in turn inherited those institutions from the highly iniquitous pre-colonial empires, kingdoms and fiefdoms that existed in the region through what is known as the iron law of oligarchy. Sections two and three will approach the case of Burma through the lens of the historical evolution of its institutions.

Today, the capacity of institutions to provide basic services to their citizens can be measured by using three general dimensions. Acemoglu and Robinson put forth that a good government must; 1) be centralized, 2) have participatory political institutions, and 3) inclusive economic institutions. A nation has failed its people if

it does not have control over its own territory, is ruled by a small elite, and has extractive economic institutions. Extractive economic institutions, as opposed to inclusive ones, are aimed at deriving the maximum economic benefit from the masses by a minority, by not providing basic services like property rights and the freedom to employ ones' labour as he or she wishes. The last two sections of this paper will assess the state of good governance in Burma today against these three dimensions.

## II. Burma's Struggle for Independence

Burma's colonial and pre-colonial history plays an important role in the conflicts, civil wars and crises which continue today in the country. Conflict among different ethnic groups was, just like today, also common in ancient Burma. As Johnson observes, "the Burmans, the dominant people in Burma from the 11th to the 19th century, were never able to maintain unity among themselves or with the other ethnic minorities they subjugated" (1998: 215). British colonization, then, intensified these already existing tensions between the several ethnic groups in Burma by placing them all under the same administration, as Smith points out (1999: 33).

Burma became a British colony after the three Anglo-Burmese Wars; in 1824, 1852 and 1885. The last Burman King, Thibaw, was ousted in 1886. After annexation the British gradually began excluding ethnic Burmans from the armed forces. The practice of privileging Chin, Kachin, and particularly Karen soldiers would have deleterious effects on the prospects for ethnic integration after independence. "In the eyes of the Burmans, ethnic minorities came to be associated with colonial rule. This perception was only exacerbated by the fact that predominantly Karen troops were used in the bloody suppression of Burmans in the Saya San rebellions of the 1930s (Walton 2008: 894)."<sup>2)</sup>

Right up to independence, the British aggravated existing tensions between the various groups by using ethnic minority soldiers to police the Burmans, who agitated for independence in central and lower Burma (Brooten 2004: 177). Not by chance, then, during World War II the Burmans fought alongside the Japanese

2) Saya San was a monk, physician, and leader of the "Saya San Rebellions" from 1930-1932. These uprisings have been regarded as one of Southeast Asia's first truly anti-colonial movements.

against the Allies while the "hill peoples" such as the Karens and Kachins stayed loyal to the British. Smith argues that the "ongoing Burmese insurgencies witnessed today are an extension of the clashes that developed during the Second World War" (1999: 393-94, quoted in Perry 1993: 19). In sum, as Walton puts it, it is undeniable that "geographical divisions and colonial policies" have helped "solidify ethnic identity" and have had a great effect on "the future of ethnic relations in Burma" (2008: 893).

The years leading up, and immediately following, independence from the British are also fundamental for understanding the Burmese predicament today. In 1939, a small group of Burmans opposed to colonial rule, including the young and passionate Aung San who would soon become a prominent figure in Burma's independence movement, began to establish contact with the Japanese in order to help gain independence from the British.<sup>3)</sup> Members of this group were trained by the Japanese and collaborated in the Japanese invasion of 1941, successfully ousting the British from Burmese territory by the beginning of 1942. A declaration of Burma's independence was made on August 1, 1943.

This initial round of World War II in Burma set the Japanese and their pre-dominantly Burman allies against the British and their allies, made up almost entirely of Indians and Burmese ethnic minorities (Chin, Kachin and Karen). Walton notes that the Burmese Independence Army (BIA), which was formed after independence, was "as ethnically imbalanced as the British military forces had been, but this time the imbalance was in favour of the Burmans." Nevertheless, it did not take long for Burman nationalists to become disillusioned with their "de facto role as a Japanese colony, and a new, anti-Japanese resistance movement was quickly formed" (894).

Fresh alliances arose from the Japanese occupation, as British officers and ethnic minority troops "reluctantly agreed to cooperate with the new Burman forces in driving the Japanese out. A resistance campaign took place from 1942 to 1945, and resulted in the British regaining control of Burma" (894-895).<sup>4)</sup> Soon, signs of internecine violence quickly began to resurface in Burma. Aung San, and his mostly

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3) Aung San was the father of Noble Laureate and current Burmese democracy advocate Aung San Suu Kyi. He was also a Burmese revolutionary, nationalist, founder of the modern Burmese army (Tatmadaw), and considered to be the father of modern-day Burma. For more details on his life refer to: <http://www.aungsan.com/>

4) This time, though, they were forced to deal with an armed and organized contingent of Burman fighters who were eager to gain true independence. By January 4, 1948, Burma was independent from Britain once again.

Burman soldiers, had been (justifiably) concerned with the treatment they would receive in the newly reconstituted Burmese Army that had mostly British and Karen officers in the top leadership positions. Walton explains that "he and other military leaders suggested that the new army maintain ethnically separate units," in an effort to protect his Burman troops from "discrimination that was expected at the hands of British and Karen officers." This strategy, however, further exacerbated the lack of trust that existed between Burman and Karen troops, and created ethnic divides within the Burmese armed forces that exploded into internal fighting (898).

Perhaps realizing his mistake, in his speeches Aung San repeatedly stressed the need for all of the nationalities of Burma to work together in order to achieve independence. He started working hard to enjoy a good standing among the different ethnic minority communities. At the Panglong Conference in 1947 he made his famous promise to the hill tribes: if Burma gets one kyat then you will get one kyat.<sup>5)</sup> "This promise has been subsequently cited by many ethnic minority organizations criticizing economic inequality and discrimination on the part of the Burmese government" (897).

It was unfortunate for the future of Burma that Aung San was assassinated on July 19, 1947, throwing the country into chaos. As Walton observes, Aung San was possibly the only Burman figure to enjoy the trust of all the ethnic minorities, and, thus, the only man who could conceivably unite all of Burma. But this did not happen, and the history of Burmese integration took a turn for the worse as the Burmans appropriated more and more power to the exclusion of the others, particularly the Karen. For Walton, "sustained Burman hostility toward the Karen, and the refusal of the Karen leadership to compromise when faced with the loss of British support led to the Karen rebellion that broke out immediately following independence and has continued to this day" (901).

This brief history of Burma is necessary to understand the fundamental problem of Burmese politics today: about two-thirds of the population are ethnic Burmans, occupying the Irrawaddy valley (the heart of the country), while the remaining one-third is distributed among a variety of minority groups, such as the Karens, Kachins, Chin, Wa, Mon and Shan, which occupy the territory surrounding the valley, and are culturally very different from, and often very hostile toward, the

5) Kyat is the Burmese measure of currency. See Ethnic Nationalities Council (Union of Burma), "Unity in Diversity (60th Anniversary of the Panglong Agreement)," 2007, [http://www.encburma.org/enc/enc\\_statements.htm#The\\_Panglong\\_Agreement](http://www.encburma.org/enc/enc_statements.htm#The_Panglong_Agreement)

Burmans.

As we have seen, different periods of history have witnessed different solutions to this problem. The British, for example, applied a classic “divide and rule” strategy, empowering elements from the ethnic periphery to subjugate the Burman core. By doing so they enhanced a sense of difference and distrust that persists today (Perry 1993: 19). Post-independence governments, on the other hand, applied a more direct solution, concentrating the crux of national sovereignty in Burman hands, leaving the disenfranchised minorities only very limited sovereignty in their territories.

### III. Burma's Military Regime Policies

On the eve of independence, Burma was relatively under populated and rich in resources. As Perry puts it “on the basis of its resources Burma could easily have been one of the development triumphs of the third world.” There was, of course, the risk that its resource wealth might have fallen under foreign control, as happened elsewhere. But, “that was not in fact the disaster that befell Burma: rather it was the isolationist policies of the military that turned Burma from modest prosperity to extreme poverty” (1993: 22).

The military coup in 1962, led by General Ne Win, was followed by his “Burmanization” policies, which completely destroyed the precarious balance that existed between the different ethnic communities. The economy, too, was overhauled, as Indian and Chinese owned businesses were shut down and trade contracts rescinded. “Although they had lived in Burma for many generations and had no connections with their original societies, approximately 100,000 Chinese and 300,000 Indians were forced out of Burma.” The poorer immigrant groups, “without the wherewithal to flee or start over again, were left behind and even further isolated” (Parekh 2012).

One of the first things that the 1962 military coup leaders did was to imprison or murder most of the leaders of the different ethnic groups, including many who had never rebelled or done anything else considered illegal. The army proceeded to suppress all ethnic movements in its attempt to “Burmanize” the entire country, and the 1974 constitution that followed removed many of the rights of the different ethnic communities, while many were not even recognized.

The rationale for a strong and independent role for the military under the Burmese constitution is to be found in the independence movement and the challenges it faced right after independence. The army was created in 1941 by the martyred General Aung San and the "Thirty Comrades" to drive out the British, and then the Japanese, and then the British again, thus achieving independence over the time span of six years.<sup>6)</sup> After that, they fought off all kinds of threats to Burmese independence, including insurgent groups backed by the Chinese Communist Party, the Thai army, the CIA, and a sprinkling of Islamist groups. The army also fought against the Mujahedin in the Rakhine state who sought to join East Pakistan before it became Bangladesh (Taylor 2009: 221).

Throughout the course of all these internal conflicts the military inflicted a great number of atrocities on the population. Indeed, at a certain point, the focus of the military turned from protecting the nation's independence to becoming more and more concerned with its own survival and expanding its grip on power. Clear evidence of the military's concern with its own survival lies in its refusal to hand over power to the National League for Democracy (NLD), which won the 1990 general election.

The military had allowed elections to be held, but did not expect its own party, the National Unity Party, to be so decisively defeated. The military's justification for not accepting the results of 1990 elections was that intellectuals and businessmen could not be trusted. US Ambassador Burton Levin observed that the military believed to be "the only ones with the requisite patriotism and selflessness to hold the country together" (see Community of Democracies 2012: 171). The refusal to hand over power to the victors was clearly related to "the military's fear, real or imagined, of retribution and reprisal against itself" (Grundy-Warr et. al. 1997: 83).

Since solidifying its power in the 1962 coup, the 1974 constitution and then the 1990 elections, the military has kept a contentious relationship with the country's ethnic minorities. The country has 135 separate ethnic groups and over 100 different languages and dialects (Smith 1999), but the military government recognizes only seven ethnic states and a handful of other designated areas.<sup>7)</sup> The seven states are

6) The thirty comrades constituted the embryo of the modern Burmese army called the Burma Independence Army which was formed to fight for independence from Britain. During World War II they went to Japan for training to fight against the British colonizers.

7) In the new 2008 constitution, the seven original ethnic states recognized in the 1974 constitution were kept and six smaller areas for other ethnic groups were added, but

Chin, Kachin, Karen, Kayah (home of the Karenni), Mon, Rakhine (home of the Arakan) and Shan. In addition, there are several other large minority groups in the country such as the peoples of Chinese, Tamil, Bengali and Indian origin living in the country. The most recent figures available, from 1983, list the majority Burmans as comprising 69% of the population (Steinberg 2001, quoted in Brooten 2004: 176).

In 1982, a new Citizenship Act was passed. Burmese citizenship would only be “granted to those who could furnish ‘conclusive evidence’ of entry and residence in Burma prior to British annexation, who were proficient in one of the national languages, and whose children were born in the country. Although many minorities fulfil these requirements, hardly any can supply documentary proof” (Parekh 2012).

This has left a great deal of people official stateless. The case of the 800,000 strong Rohingya Muslim community, locally referred to as “Bengalis”, is a case in point. The Rohingya are not accepted or recognized as Burmese citizens by the government, and therefore have no legal status at all. In February 1992, the Minister of Foreign Affairs, U Ohn Gyaw claimed that “although there are 135 national races living in Burma today, the so-called Rohingya people is not one of them. Historically there has never been a Rohingya race in Burma... people of the Muslim faith from the adjacent country illegally entered Burma, particularly Rakhine state”.

In 1992, about 250,000 refugees had to cross the border into Bangladesh to seek asylum from the Burmese government’s extra-judicial arrests, torture, and killings, in addition to the government’s restrictions on movement, forced evictions, land confiscations, and mosque desecrations. Abuses were clearly documented in a report by Amnesty International in May 1992 (Grundy-Warr et. al. 1997: 102–103).

“In their armed campaign against ethnic insurgents, Burma’s armed forces and allied militias are estimated to have destroyed over 2,500 villages, displaced a million people internally, and produced several million refugees in India, China, Bangladesh, Thailand, and Malaysia (Twining 2008).” Through a series of discriminatory policies and military campaigns, large sections of the population were not allowed to share power in the state. As Zaw summarizes, despite its projection of ethnic unity, “the government consistently suppressed the minority groups and discriminated against them, not allowing them to participate in ruling political institutions” (2006: 10).

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this still leaves 90 per cent of Burma’s 135 ethnic minorities without any official administrative unit or recognition of their own (Bradley 1997: 28).

Nor were the minorities allowed to participate in the government controlled formal economy.<sup>8)</sup> Naturally, many of the ethnic groups took to the black market, especially those living along the Thai and Chinese borders. Some of these started to make considerable profits, which were then funnelled into their various independence movements. The government thus turned to the demonetization of the currency as a tool to strike at insurgents and black marketers operating along the country's borders.

In an attempt to make the insurgents money worthless, the 50 and 100 Kyat notes were invalidated in 1985, as new 25, 35 and 75 Kyat notes were introduced. The numbers 23 and 35 were said to be, according to Ne Win's numerological superstitions, luckier than the 50 and 100, while the 75 Kyat note was introduced to commemorate Ne Win's 75th birthday. In 1988, these were again invalidated and new 15, 45 and 90 Kyat notes were circulated. The numbers 15 and 45 were said to be even more propitious according to some form of esoteric Buddhism, while the 90 Kyat note was simply tied to Ne Win's personal lucky number, which was 9 (Bradley 1997: 26-27, and McCarthy 2008). However, since "none of the insurgent groups traded in Kyat", because it had "long been an unconvertible currency, the demonetization hit ordinary Burmese the hardest" (McCarthy 2008: 313).

Along with a sudden rise in the prices of petrol and gas, this ineptly carried out demonetization, which destroyed the savings of a huge number of Burmese, led to the 1988 rebellions in the cities (Perry 1993: 27). Urban unrest was directed not only against the economic imbecility that took over the government, but also toward the creation of more inclusive political institutions.

1988 saw a growing movement for democratic rule, as student protests brought even ordinary Burman people out into the streets demanding reform. The democracy movement was led by Aung San Suu Kyi and her National League for Democracy party. "Civil unrest prompted the removal of General Win, and General Saw Maung assumed power. Maung then immediately ordered a crackdown on the protests and his military killed what is believed to be thousands of student protestors." The universities in Burma were closed in order to stem the source of the unrest (Khng 2000, quoted in Rarick 2006: 60).

The following year the country was renamed the Union of Burma and a military junta was established to rule the country called the State Law and Order

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8) From 1962 onward, the military government controlled the economy by nationalizing all but the smallest businesses and requiring all farmers to sell their crops to the government at controlled prices (Bradley 1997: 26).

Restoration Council (SLORC). The group has since been renamed the State Peace and Development Council (SPDC). In the 1990 elections, the military Junta denied the victory of the party led by Aung San Suu Kyi, the National League for Democracy (NLD) and subsequently placed her under house arrest (Rarick 2006: 60).

In the aftermath of the botched elections, the SLORC nearly doubled the size of its military, both in term of troops and arms. Between 1988 and 1993, the number of soldiers grew from 180,000 to 340,000. In 1992, tens of thousands of minority villagers along the 2,400 kilometer border with Thailand were forced to relocate to army-controlled towns, as they ceded control of territory, trade routes, and timber resources to the SLORC (Human Rights Watch 1998). In 1996, the Burmese government launched a major civilian relocation program in the Shan and Karenni States in the eastern part of the country. Some 300,000 Shan and 20,000 Karenni were forced from their villages into designated relocation sites guarded by the military (Amnesty International 1999). About 1 million were forcefully displaced inside Burma by the year 2000 (US Committee for Refugees 2001).

As Steinberg points out in, *Burma/Myanmar: What Everyone Needs to Know*, the military was doing all it could to stay in power, fearing reform as a harbinger of its downfall. They were particularly disinterested in any reform that may allow the return of the exiled Burmese intelligentsia. "Had political changed occurred in Burma within a relatively short period after 1988, the return of the educated Burmese who fled the country would have been fairly easy, and they probably would have assumed significant positions in any new administration" (2009: 178).

In sum, the great mismanagement of the country has transformed what was once one of the richest nations in Southeast Asia into one of the least developed countries in the world (Peterson 2006: 568). After independence, Burma was seen as having excellent prospects, being the largest rice exporter in the world (the area used to be known as "the food bowl of Asia"), rich in minerals, rubber and timber, and possessing a larger, more educated, managerial class than any other new state in the region (Community of Democracies 2012: 169-170).

Unfortunately, high levels of corruption by the military saw a diversion of revenues from the country's considerable economic resources to a small group of military and state elites (Twining 2008: 15). This is the very definition of an extractive economic institution. Despite the mismanagement, the country is still incredibly resource rich with gas, oil, and mineral deposits, as well as large swathes of untouched teak forest. These resources, and the prospects for their

sound management, will be explored in the following sections.

#### IV. Current Political Reforms in Burma

After nearly twenty years of staying mostly out of the international spotlight, Burma grabbed headlines in September 2007 following widespread protests by Buddhist monks, known as the “Saffron Revolution.” “The military continued to repress all dissent. When thousands of Buddhist monks, the most revered figures in a devout society, travelled to Yangon in 2007 to protest, the military had little compunction about beating and shooting at the holy men” (Kurlantzick 2012).

The ostensible cause of public protests by the monks was a complaint about the consequences of a significant reduction in subsidies for petrol and compressed natural gas (CNG) used to fuel buses and taxis as well as the mistreatment of monks by local officials in central Burma. The reduction in subsidies had an immediate and dramatic impact on the price of travel for Yangon residents, doubling many bus fares overnight. The news of the mistreatment of the monks spread quickly and compounded the sense of indignity. The 2007 protests thus came about through the juxtaposition of two factors, one economic and the other political. The latter “provided the spark for the protests”; the former “provided the fuel” (Taylor 2009: 218).

A few months after the Burmese government forcefully suppressed the peaceful protests by the monks, in May 2008, a natural calamity struck through the Irrawaddy Delta and Burma's main city, Yangon. Cyclone Nargis was one of the most devastating cyclones of the last century, in which nearly 85,000 people died and 54,000 are still listed as missing. The cyclone was one of the deadliest in recorded history. It blew away 700,000 homes, killed three-fourths of the region's livestock, sank half the fishing fleet and damaged a million acres of rice paddies with seawater.

The New York Times writes “the magnitude of the disaster forced the regime to react to outside pressure. The secretive and xenophobic junta, which feared an invasion by Western powers, agreed to accept air shipments of foreign aid after international outrage at their initial failure to help victims (2012). The ruling junta's slow response and its initial blockade against international aid efforts for the victims actually worsened the situation and led some Western leaders and rights

groups to call for “forced” humanitarian intervention (Bajoria 2012).

Perry notes that from the 1970’s to the 1990’s, whenever foreign aid was given, it was then used as a weapon by the regime to suppress ethnic dissent. This was the case when the military used foreign donated helicopters – which were meant to fight drug trafficking – against separatist movements (1993: 29). Many believe that the same has happened in the case of foreign aid which was provided to help the victims of cyclone Nargis.

Observers were even more alarmed when the military decided to draft the new constitution and put it to a referendum vote, right as the humanitarian crisis caused by the cyclone was unfolding. In the same month of May 2008, according to the junta, the constitutional referendum won by an overwhelming majority. “Rights groups called the vote a fraud, and Amnesty International noted that the constitution contained a number of discriminatory provisions” that would never have been accepted, such as barring members of religious orders and poor persons from voting (Bajoria 2012). For the next two years nothing changed. “The army seemed firmly in control. Aung San Suu Kyi remained locked in her house. Much of Burma still looked like it had 50 years ago; Yangon’s pavements crumbled, and electricity flickered on and off. The West had little contact with the government (Kurlantzick 2012).”

Then, in 2010, general elections were held under the new constitution, “with the military-backed Union Solidarity and Development Party (USDP) declaring a wide margin of victory, though pro-democracy groups again cited rampant fraud” Despite these allegations, the new civilian government under President Thein Sein “spearheaded a series of reforms, including the amnesty of more than 200 political prisoners,” including Aung San Suu Kyi. They also relaxed the rules on censorship and established the National Human Rights Commission. The government also removed some laws that had made the National League for Democracy, Aung San Suu Kyi’s party, boycott the elections. In the 2012 elections, in fact, her party participated and won 43 out of the 45 seats up for election (Bajoria 2012).

Taking seats in parliament, Suu Kyi and other NLD members have vowed to improve the country’s lack of constitutional law, to focus on the continuing divides between ethnic groups and to build truly representative politics. The party also plans to rebuild its network across the country in order to run in the 2015 national elections, when all of the seats in parliament – and thus control of the government – will, in

theory, be up for grabs. Just having Suu Kyi herself win a seat in parliament seemed, to many of the country's citizens, like a wonder. On election day, supporters of "The Lady" gathered near her house and near party headquarters, dancing and crying ecstatically, as if redemption had finally arrived. (Kurlantzick 2012)

A number of other important developments toward good governance were made. The President invited exiles to return home to help in the reforms. In a speech he said "we will make reviews to make sure that Myanmar citizens living abroad for [any reason] can return home if they have not committed any crime" (The New Light of Myanmar 2011: 8). New legislation was passed allowing labor unions. The International Labor Organization (ILO) said the new labor law met international standards. Workers in Burma will have more rights than they have ever enjoyed since 1962. Debate has begun in parliament concerning a peace process with ethnic minority insurgent groups and the issue of allowing education to be held in local languages in ethnic-minority states. Internet controls have been relaxed and press censorship is now far less strict. Journalists from the privately owned, non-government press have been allowed to attend parliamentary debates and report on them.

Burma is now at a sensitive stage in its political transition. Encouraging prospects for the future have undoubtedly emerged, and the international community has taken an optimistic view of the situation. Headlines lauding the positive changes have become commonplace in the international media. But reform is still at a very early stage, and there should be no underestimation of the difficult challenges that lie ahead. In the words of Maung Zarni, "the dominant Burma worldview continues to rest on an enervating combination of pre-colonial feudalism, religious mysticism, and belief in racial purity and statist militarism, which is a potent and poisonous combination" (2010).

Many experts and academics, who have been observing these changes over time, also remain sceptical. "Some accuse the Government of carrying out 'window-dressing' reforms to please the Western governments and enable the lifting of sanctions. They argue that the Government has a vested interest in maintaining the reins of power and that there is no incentive to make true democratic reforms. (Christensen 2012)." Others points out that since most seats in the parliament are still held by the pro-regime Union Solidarity and Development Party (USDP), the generals have simply changed their uniform for a longyi (a traditional Burmese

sarong).

Whether the reforms end up being sincere or not, one thing is certain, “after decades of isolation, the wide-ranging push towards reform by Burma’s new government has thawed its relations with the West at dizzying speed. Major American and European companies are lining up to invest. And more and more foreign tourists are pouring in to what travel publications rave is now one of the best places on earth to visit” (The Economist 2012).

The West has been particularly impressed with advances in Human Rights conditions. Indeed, conditions have improved sharply in Burma’s main cities since the beginning of the reforms in 2010. Many warn that the real problem, however, is in the country's failure to address the mounting tide of inter-ethnic violence in the countryside. Experts cite escalating violence in Burma’s Rakhine state as a serious threat. The Burmese Army has been intensifying its power in the ethnic minority states, including the Shan, Kachin and Karen States, while many villages in these areas have not been allowed to participate in elections, “for security concerns.”

In actuality, there are two different types of minority related problems in Burma, two separate groups of minorities vying for recognition.

One is composed of numerous ethnic minorities, such as the Karen, whose allegiance to the state, not their nationality, is in question. Frequent military reprisals have caused large sections of this group to flee to Thailand over the years, where they have settled in camps along the border. The second group comprises those who have lived in Burma for generations but are simply not recognized as citizens – like the Rohingya Muslims, and those of Indian and Chinese origin. (Parekh 2012)

Conditions for both these groups remain largely unaltered by the reforms. Well-meaning Kachin and Karen politicians lured in by the prospect of democracy are still labelled as terrorists by the state and cut off from the political processes. In some cases, for example with the Rohingya, conditions have deteriorated. Economic reforms have brought in resource hungry foreign investors that, in cohort with the government, have enacted land grabs that have dispossessed many rural Rohingya.

Land-grabbing, failure to compensate locals for land and resources, and

similar abuses continue to be reported in the non-Burman ethnic areas where the country's oil and gas, mineral, and forestry wealth are located. Failure to address resource sharing would likely derail efforts to move from ceasefires to political settlement. This is important because economic growth – namely, creating jobs and opportunities – is a key factor for sustained peace and stability in areas controlled by ethnic non-Burmans. (Win 2012)

The relationship between foreign investment and land grabbing in ethnic minority states will be explored in more depth in the next section. For now, it can be argued that economic growth depends on political stability. This stability may not be forthcoming unless the government comes to terms with the needs of the different ethnic minorities. In particular, the government should stop illegal land grabbing practices and instead table discussions on how to repartition revenues from local resources in a fair and equitable way with the local communities. This confirms what we have seen to be true in the sections above: that the matter of ethnic reconciliation and minority representation in the country's political and economic institutions remains the single most important issue for good governance to take root in the Burma.

## V. Foreign Nations' Policies towards Burma

Prior to 2010, international policy toward Burma varied, running the gamut from harsh economic sanctions from the US to milder ones by Europe and Japan, to full commercial engagement by neighbours like China, India, and the member states of the Association of Southeast Asian Nations (ASEAN).

The United States imposed sanctions after the 1988 military crackdown on the protests led by monks and students, including a ban on the export of financial services and a freeze on the assets of certain institutions. The relations between the United States and Burma began to further decline when the State Law and Order Restoration Council (SLORC) took power. The US refused to recognize the junta as the legitimate government, or accept the renaming of the country to Myanmar. In 1997, the Foreign Operations Appropriations Act was passed that allowed President Clinton to impose even harsher economic sanctions. In 2003 the

Burmese Freedom and Democracy Act was passed banning the importation of all Burmese goods. The Act also prohibits loans and financial transfers to Burma.

Europe quickly followed suit, and first started to impose sanctions in 1989, "after the results of the elections that were contested and won by Aung San Suu Kyi were ignored." Sanctions included: "an embargo on the sale of arms; asset freezes and travel bans for high ranking officials and their families; and selective investment bans" (Blass 2008). The International Monetary Fund, the Asian Development Bank and World Bank also cut off all new projects in Burma in the late 1980s. Major international companies such as Pepsi, Heineken and Apple, as well as many smaller companies, withdrew production from the country in the face of international boycotts of their goods by concerned consumers (Bradley 1997: 30).

The objective of these policies was not engagement but isolation. According to Selth this only strengthened the military government's resolve.

Indeed, the punitive measures and harsh rhetoric aimed at Burma after 1988 aroused the generals' nationalist sentiments and made them determined to resist external intervention. They strengthened the armed forces [...] and foreign pressure also helped justify their bunker mentality, and made them even more fearful of political, economic and social change (2012).

According to Rarick, decades of economic sanctions have also decreased the quality of life for the Burmese people (2006). Those hurt the most by the sanctions were the people that were already suffering the most under the military government's policies, that is, the ones the sanctions were intended to help (Major and McGann 2005). As economist and UN special adviser Jeffrey Sachs says, "in most cases, when we impose sanctions, it may weaken the regime, but it weakens the people and it weakens civil society as well" (Radio Free Asia 2004).

Another consequence of the US-led sanctions was that they have resulted in a closer relationship between Burma and China. The military government responded to isolation by developing strong ties with China and improving its relations with a wide range of other countries in the region. Selth argues that these steps severely undercut the West's punitive measures (2012). China is now a major political supporter of the Burmese regime and a supplier of military weapons (Roy 2005). For many, Burma had become essentially a client state of China. Bilateral trade between the two nations reached 5 billion USD in 2011. Ramachandran further adds

that “Burma has used its partnership with China to enhance its options and maneuverability. It has used the ‘China card’ to increase its relevance in regional politics” (Ramachandran 2012: 2).

Burma’s entry into ASEAN in 1997 has also been controversial. The turning of a blind eye toward human rights abuses perpetrated by the military government in Burma by the other ASEAN member states, under the principle of the “ASEAN Way”, soured relations between ASEAN and other regional organizations such as the EU. It also raised questions about the “reputation and credibility of ASEAN as an organization” given its “failure to develop a coherent approach to the crisis of governance in Burma” (Peterson 2006: 564). Others point out that Burma’s inclusion in ASEAN was in part aimed at preventing it from falling further into the Chinese sphere of influence (Myoe 2006), and a way of slowly coaxing the regime into changing its ways.

When Burma began shifting its domestic policies in 2010 it also sought to redesign its relationship with foreign powers. Burmese authorities reached out to the US and the EU. In December 2011, Secretary of State Hillary Clinton visited Burma marking the beginning of a new era in US–Burma relations. “While there, she announced a major concession: the US would no longer veto World Bank development projects for Burma.” USAID also mentioned that it was considering “restarting aid to Burma, which could unleash a flood of development activity” (Nardi 2012: 15). The EU has also softened its stance in recent years, lifting sanctions and launching development projects.

Why the sudden change of heart in its foreign policy? Were sanctions that crippling? Zarni, a Burmese exile and academic, points out that the regime was in fact “anxious to be unshackled from sanctions,” but this was not only for economic reasons. “The regime has plenty of people it can work with, who can provide capital, investment and so forth: China, the Russians, India. But what it desperately needs is credibility. It is like a Mafia boss who has all the money he could wish for, but now craves respect. That is a very powerful psychological driver” (Zarni, quoted in Blass 2008). Add to this that at the time China’s friendship was starting to become a little too demanding.

With the West reeling from economic downturn, China was no longer willing to simply play the non-interventionist card. Instead, it began to claim larger areas of disputed waters in South East Asia, to jostle with India over borders, to build dams on the upper portions of rivers that

flowed into other countries, and to demand greater fealty from friends, asking that the Myanmar government crackdown on cross-border refugee flows and drugs, offer China more favourable trade deals, and essentially carry China's water in regional organizations. Increasingly worried about being so dependent on China, Myanmar's regime began to open up in order to court the West as a counter balance to Beijing. In a strange way then, since sanctions pushed the Myanmar government into the hands of China, and then the generals tired of their relationship, sanctions began to foster a rapprochement with western nations. (Kurlantizick 2012)

Coattailing on these better diplomatic relations with the west, a huge wave of investor interest has hit Burma. Craig Steffensen, Burma manager for the Asian Development Bank says that "Burma is a gold mine, any way you look at it: natural resources, gas and oil deposits, spatial dimensions, location between China, India, and Southeast Asia." A July 2012 conference in Singapore about investing in Burma drew thongs of eager businessmen from all around the world. In June of that year Burma's newly elected President, Thein Sein, had declared that he intended to triple his nation's per-capita GDP by 2016. Given the current population, that would entail growing output by more than 25% a year - an unrealistic but alluring figure (The Economist 2012).

Some have expressed concerns that economic globalization alone will do little to help Burma stay on a path toward better governance. They cite ample cases of nations that have opened their borders to foreign trade and investment, only to find that the extra cash has strengthened the ruling elite at the expense of the common people. In Burma, the militaristic past of the country's governing class, in addition to the ethnic divisions that exist in the country, increases the risk that the population may be forced to work on infrastructure projects for little or no returns (see Myint 2004 for examples), or give up valuable land for free, as we have seen in the previous section.

In addition, no amount of GDP growth alone will be able to address the grievances that the minority groups and the pro-democracy fighters have been vindicating for years - an important precondition for good governance to take hold. In particular, the Burmese are unlikely to simply move on from the many atrocities they have suffered at the hands of the military unless this becomes a dialectic process which includes the taking up of responsibilities on all sides involved. For Zaw, the victims are unlikely to reconcile with the perpetrators if the perpetrators do not acknowledge their wrongdoing in terms of the atrocities committed (2006: 12).

## VI. Conclusion

In conclusion, let us recall the parameters by which we may judge a good government according to Acemoglu and Robinson in their book *Why Nations Fail* (2012). They say that the capacity of institutions to provide basic services to their citizens can be measured against three dimensions; 1) the state must be centralized, 2) it must have participatory political institutions, and 3) it must have inclusive economic institutions where basic property rights are respected. How does Burma fare in these three dimensions today? According to this historical, institution-focused analysis, we can see that while the form of the government has changed (from colonial, to military, to civilian), the substance of its functions remains in many cases the same.

As for the first dimension, we must recognize that the state is still not centralized, given that the issue of citizenship of large portions of the population living in its boundaries has not been seriously dealt with. Large sections of Burma's geographical territory is also not firmly under the state's control, as there is still little progress being made in the peace talks between the rebellious mountain tribes and the central government.

As for the second dimension, institutions are certainly more participatory than they used to be, but from this review it is clear that this change has benefitted mostly the ethnic Burmans that live in the cities in the valley, and has done little for the ethnic minorities living in the surrounding areas, who continue to be politically disenfranchised.

As for the third dimension, economic institutions, despite the influx of foreign capital, continue to be highly extractive, as property rights are inexistent for many. We find that there is, in fact, the risk that foreign investment in the country may even exacerbate this extraction, if the twin issues of minority citizenship and property rights are not properly addressed by local authorities and the international community.

Let us now seek to answer the question posed in the introduction: what is the state of "good governance" in Burma as defined by the United Nations Economic and Social Commission for Asia and the Pacific? According to the UNESCAP, good governance is "participatory, consensus oriented, accountable, transparent, responsive,

effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making" (UNESCAP 2006).

From this review it emerges that Burma has been indeed making progress in some areas, albeit not in others. Institutions have been changing shape and form. Political forces like the National League for Democracy, which have long been kept out of the political arena, are now finally able to participate in elections. In this sense Burma has become more participatory, consensus oriented, accountable, transparent, and responsive, for some. But these reforms risk being of limited impact unless the state starts following the rule of law (granting its residents citizenship and property rights) and allowing for the views of minorities and the most vulnerable to be taken into account in decision-making.

For these reasons we are led to conclude that, in relation to the three dimensions laid out by Acemoglu and Robinson, and the eight parameters put forth by UNESCAP, the situation is getting better, but is not nearly good enough. This paper used an historical-institutional approach and discovered that throughout Burma's history, institutions have changed form many times (from pre-colonial Burman Kingdoms, to British and Japanese rule, to military and then civilian national governments), but the fundamental problem of disharmony amongst the various ethnic groups has never really been solved. This has resulted in conditions which favor the extraction of resources by one group at the expense of the others. Unless this issue is addressed, reforms will always be good, but not good enough. Observers should be careful to note that institutional change, in Burma, does not necessarily imply genuine policy change.

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Abstract

## Democratization and Good Governance in Myanmar/Burma

Eduardo Zachary Albrecht(Pukyong National University)

Amit Arora(Pukyong National University)

This paper looks at the current democratic reforms in Burma and seeks to appraise if practices of “good governance” are in fact being enacted for all its citizens. The United Nations Economic and Social Commission for Asia and the Pacific defines good governance as being equitable, inclusive and taking into account the views of minorities. The methodology used is that of historical description. The theoretical framework is derived from Acemoglu and Robinson's institution-centric view of state development. The paper will therefore piece together a picture of institutional changes in the country through a review of the work of a variety of scholars. This is done in two steps, the first deals with the political history of Burma, the second looks at the current political reforms. The paper finds that while it is undeniable that the country is experiencing changes in its institutions, conditions for the ethnic minorities (approximately 1/3 of the total population) have not ameliorated. In some cases conditions have been made worse by the appearance of increased foreign capital, which has resulted in the expropriation of land from minority communities through government complicity. This disregard for individual property rights leads us to conclude that despite the reforms the road toward good governance in Burma is still uphill.

Key words: Democratization, Good Governance, Ethnic Minorities, Myanmar/Burma.  
Foreign Investment, Aung San Suu Kyi, National League for Democracy.