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Task Force
Report Update

Current Realities and Future Possibilities in Burma/Myanmar: **Options For U.S. Policy**

26 October 2010

In September 2009, Barack Obama's administration announced a new U.S. policy direction for relations with Burma/Myanmar. Over the past year, this new course has moved the United States away from previous efforts to isolate Burma's ruling generals, balancing economic sanctions with "pragmatic engagement" and initiating efforts to expand channels of communication with the military leadership at higher levels of authority.

Against this backdrop, the Asia Society established a Task Force on U.S. Policy toward Burma/Myanmar in the fall of 2009 to assess the shift in American policy and provide concrete recommendations for how the United States could best approach this new path of engagement. The Task Force's report, *Current Realities and Future Possibilities in Burma: Options for U.S. Policy*, was released in March 2010.¹

With elections set to be held on November 7, the first in Burma in 20 years, this update provides an overview of key developments in Burma since the Task Force's report was published. For reasons outlined here, it is clear that the upcoming elections will not be inclusive or fair. In short, Burma's military leaders have willfully ignored calls from the international community to allow the full participation of opposition leaders and ethnic minorities in the elections.

It is also clear that the new U.S. approach toward Burma has not yet yielded any significant results or progress. The United States should remain vigilant with regard to the postelection government's attitudes toward democratization, national reconciliation, and human rights and,

¹ The report is available at <http://www.AsiaSociety.org/BurmaMyanmarReport>.

at the same time, continue and even step up efforts to pursue an engagement process aimed at promoting a better understanding of these objectives among Burma's future leaders. In doing so, the United States will position itself to respond effectively and flexibly to the twists and turns that a potential transition may take over time, with an eye toward pressing the new government to move in a positive direction. Indeed, how developments unfold should be a major consideration in calculating adjustments to U.S. policy. From this vantage point, the recommendations outlined in the Task Force's report remain relevant and continue to offer a sensible way forward.

Developments in Burma

Burma's elections are scheduled to be held on November 7, and, by all accounts, the establishment of the new government structure prescribed by the 2008 constitution is moving apace. In its handling of the election process under the auspices of the Union Election Commission, the State Peace and Development Council (SPDC) has made plain its willingness to sacrifice any semblance of "free and fair" elections in order to ensure a victory for its own Union Solidarity Development Party (USDP). Formed from its mass mobilization organization, the Union Solidarity Development Association, the USDP has provided the vehicle for the SPDC to recycle almost the entire cadre of its senior general officer corps into civilian political life, running them as candidates for parliamentary offices across the country.

Restrictive election laws were implemented to force the major opposition party, the National League for Democracy, to remove itself from the election process, and to prevent ethnic minority parties associated with cease-fire groups from participating in the elections. The laws have intimidated democratic candidates and parties and limited the period and manner in which they could conduct their campaigns. At the same time, they have allowed the USDP to organize, finance itself largely with state funds, and campaign in flagrant violation of campaign rules, and to levy such high costs for party and candidate registration as to favor the wealthiest and best connected candidates in the competition. The crowning blow to the prospects for "free and fair" elections was the refusal by Burmese leaders to allow any form of outside monitoring of the elections, including the presence of foreign press.

The elections are expected to leave the USDP largely in charge of the two national parliaments, along with 25 percent representation by appointed uniformed military members. Even if, against all the odds, the democracy candidates make a surprisingly good showing in the elections, the force of their numbers in the parliaments will not be substantial. Over the longer term, their influence on the political process will depend more on the strength of moral persuasion, if allowed, than on their voting power.

At the state/region level, the parliaments could turn out to be more diverse, with substantial ethnic minority representation, particularly in the states and areas designated for ethnic minorities. How this will translate into ethnic minority power is a question for the longer term, particularly considering that many of the minority candidates elected to the parliaments were actually sponsored

by the USDP and its surrogates. It is unclear how the powerful regional commanders will relate to these new state-level governments, as the constitution does not contain any provisions to guide these relationships. Moreover, the de-registration of independent Kachin candidates, the reported disappearances of Kachin leaders, and the Kachin Independence Army's refusal to turn into the regime's border guard forces may lead to a possible flash point for renewed violence.

The Burmese leadership's approach to the elections does not augur well for prospects that the newly elected (and appointed) parliaments will bring immediate or near-term political reform to Burma. In fact, it may be years, if not decades, before the real significance of this transition becomes apparent. The generals who have been recycled into political life are likely to remain at the helm of government for at least one or two five-year terms. A big question yet to be answered is what role Senior General Than Shwe will play in fashioning the new government. In the aftermath of what could turn out to be the most massive reconstitution ever of the upper levels of the Burmese military forces, General Than Shwe and his deputy, Maung Aye, still retain their military titles and, by all accounts, remain in charge. Burmese are asking themselves how much longer these elderly leaders will be able to dictate the country's political and economic life.

On the economic front, the lead-up to Burma's elections has delivered little that is promising for the country's economy, and none of the contesting parties has announced anything close to a credible platform of economic reform. Of greatest concern, however, is the sudden rush by Burma's military leaders on the eve of the election to sell off tranches of state assets and enterprises. Altogether, nearly 300 enterprises and properties have been sold, including ports, rice mills, cigarette and textile factories, cinemas, hotels, an airline, fish and agricultural processing plants, and ruby, jade, and gold mines, as well as a score of government buildings in Rangoon whose occupants have decamped to the new capital at Naypyidaw. The buyers of these assets—in a program devoid of public tendering or any other accountable or transparent process—have been more or less a roll call of individuals and conglomerates connected to the leadership, as well as Burma's giant military-owned corporations. The question as to why the sudden rush to privatize as of yet cannot be easily answered. It is most likely about carving up opportunities for economic rent seeking now by Burma's present rulers, while (preelection) they possess the unambiguous coercive power to do so.

Whatever the motivation, Burma's current round of privatization represents what can only be described as a textbook example of institutional expropriation by political and economic elites. This is not without cost to the country now, but the long-term damage that it invites—through the denial of necessary reforms by powerful parties whose wealth and power depend on their ability to set the rules of the game in favor of their interests—will likely be the real story of this latest unfortunate episode in Burma's economic narrative.

Notwithstanding these unanswered questions and the uncertainties ahead, the elections may bring some element of change to Burma. The structure of the new government will be vastly different from that of the SPDC version of martial law, under which the country has been ruled by

a committee of a dozen generals for more than 20 years. In time, competing centers of power are bound to develop, at both the national and the state levels. Representatives from opposition groups and moderates, albeit very small in number, will likely have seats in the new parliament. The uniformed generals will no longer control the day-to-day management of the country's political and economic life. At least in the near term, they will be subservient to their former military bosses, who have been recycled into political leaders. And they will have less opportunity than their predecessors to be drawn into corrupt economic activity, as most of the sources of temptation have been "privatized" in the run-up to the elections.

The U.S. Response

The Obama administration's new policy of "pragmatic engagement," announced in September 2009 in anticipation of the reintroduction of a constitutional government in Burma, has not yet resulted in any measureable progress. Over the past year, Burma's military leaders have ignored the central U.S. message on engaging in tripartite dialogue, releasing political prisoners, and allowing fair and inclusive elections. In September 2010, U.S. Assistant Secretary of State for East Asia and Pacific Affairs Kurt Campbell told a gathering at the U.S. Institute of Peace in Washington that, after a year of attempting to engage the SPDC in dialogue on a variety of issues, the lack of a constructive response was deeply disappointing. Nevertheless, he recognized that the postelection transition might bring with it new players, new power relationships, and new government structures that could lead to an improvement in conditions in Burma. To get there, he made it clear that the United States was prepared to employ both rewards and pressure.

Washington is particularly concerned about persistent rumors that Burma's military is pursuing the development of a nuclear weapons program, which is especially disturbing considering its surreptitious arms supply relationship with North Korea. This, in combination with the SPDC's heavy-handed management of the election process, has led the United States to consider tightening financial sanctions against Burma. Additionally, in August 2010, Obama administration officials voiced support for exploring the creation of a commission of inquiry to investigate allegations that Burma's top generals are guilty of crimes against humanity. It is clear that accountability will remain a salient issue within the international community so long as Than Shwe and Maung Aye hold sway over the Burmese government in any capacity, and perhaps even longer.

Task Force Recommendations Revisited

Genuine political and economic reform and the advancement of human rights will be the real test of change in Burma over the longer term, and until the new government demonstrates a will to engage in serious reform, there can be no assurance that the changes in governance will bring a better future for Burma. The United States should remain vigilant with regard to the postelection government's attitudes toward democratization, national reconciliation, and human rights and,

at the same time continue, and even step up efforts to pursue an engagement process that is time-bound with specific benchmarks and aimed at promoting a better understanding of these objectives among Burma's future leaders. Indeed, how developments unfold should be a major consideration in calculating adjustments to U.S. policy.

From this vantage point, the recommendations offered by the Task Force in its March 2010 report remain relevant and continue to offer a sensible way forward.²

I. Measures to be pursued now and following the elections:

- U.S. policy toward Burma should emphasize coordination and collaboration with other concerned governments and international institutions, particularly Burma's Asian neighbors. To facilitate expanded engagement, the United States should appoint a Special Representative and Policy Coordinator for Burma, as called for by the Tom Lantos Block Burmese JADE (Junta's Anti-Democratic Efforts) Act of 2008.
- U.S. sanctions on trade and investment with Burma should not be removed until the government releases political prisoners, including Aung San Suu Kyi, and allows full participation in the political process.
- The removal by the United States of some noneconomic sanctions designed to restrict official interaction and contact between the two governments is welcomed, and an even greater relaxation in bilateral communications, through both official and unofficial channels, should be pursued.
- In pursuing pragmatic engagement with Burma, the United States must continue to develop, and even ramp up, means of reaching the Burmese population directly through assistance programs.
- In approaching the question of increasing assistance, however, the United States must be vigilant in examining the unintended consequences of expanding the flow of economic resources into Burma.
- Any future expansion of U.S. humanitarian aid programs inside Burma should not be accomplished at the expense of existing cross-border assistance programs, which remain essential.
- Educational exchange under the Fulbright and Humphrey Scholar programs and cultural outreach activities should be expanded. These programs produce powerful agents for community development in Burma and can significantly expand the prospects for improved governance.

² For a full summary of the Task Force's recommendations, see http://asiasociety.org/files/pdf/ASTaskForce_ExecutiveSummary.pdf.

II. Additional measures to be implemented if and when the United States begins to see indications of change (such as the release of political prisoners, including Aung San Suu Kyi, the relaxation of political restrictions, the implementation of economic reforms, and the advancement of human rights) on the part of the Burmese leadership:

- The United States should explore the feasibility of forming a support group with Australia, Burma/Myanmar, China, the European Union, India, Indonesia, and Japan, perhaps under the auspices of the United Nations, to provide a mechanism for organizing international coordination and assistance for Burma's transition, both politically and economically.
- If the elections in Burma take place in 2010 as scheduled and succeed in replacing, even superficially, the current military government—the State Peace and Development Council—with a quasi-civilian government, the United States must be positioned to interact with the elected politicians and civil servants in the new ministries and other government structures.
- The United States should prepare to implement measures that will ease the way toward improved economic relations and the eventual removal of trade and investment sanctions. These measures should be implemented only if political transition produces a government that demonstrates a genuine commitment to economic development, particularly small and medium enterprises, and a willingness to embrace basic political and economic freedoms—including the end of gross human rights violations—that allow development to take place.
 - A first measure is the provision of expert advice. Accordingly, the United States should gradually release current injunctions on and partner with institutions such as the International Monetary Fund, World Bank, and Asian Development Bank to provide Burma with advice on reform.
 - A second measure is for the United States and other appropriate countries to provide Burma with assistance in economic institution building.
 - A third measure is for the United States to provide assistance in the form of micro, small, and medium finance to Burmese entrepreneurs to support tackling its grave crisis in rural indebtedness, a lack of new and affordable credit for farmers, and an absence of viable enterprise in rural areas.

III. Actions to be undertaken when there is clear evidence of change (for example, when the civilian population believes that the new government is serving its interests, when it is safe to run for office and engage openly in political activity, and when a new generation of

socially responsible political and military leaders has emerged) that has been demonstrated on a sustained basis:

- The United States should create aid programs designed to improve civil service capacity and the effectiveness of government welfare and education.
- The United States should begin to focus on legal reform to address civil rights, economic law, and corruption.
- The United States should encourage the creation of a flexible mechanism that will allow some sanctions to be lifted, while maintaining others and holding the capacity to impose new, tightly targeted financial sanctions should circumstances deteriorate.
- The United States should position itself to promote security sector reform in Burma. In addition to advancing reforms in the judiciary and oversight of the country's military and police, the United States should prepare to expand bilateral relations with Burma's security forces and restore some form of security assistance, particularly police training assistance, if concrete developments in human rights and a clear intention to professionalize Burmese security forces take place.

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