

One Year of Myanmar's Thein Sein Government: Background and Outlook of Reforms

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In November 2010, Myanmar held its first general election in 20 years. The Union Solidarity and Development Party (USDP) won a landslide victory and established a 'new' 'civilian' government the following March, demilitarizing the government for the first time in 23 years. However, headed by President Thein Sein, former prime minister of the military government, the USDP government effectively began as an extension of military rule, with little prospects for democratization and economic reforms. But in a sudden wave of reforms that began around August, the new government held talks with Aung San Suu Kyi, deregulated the media, freed many political prisoners and halted the country's controversial large Chinese-led hydro-power project. The striking developments that followed included Myanmar's appointment to chair ASEAN in 2014, improved relations with the US, the reinstatement of major opposition party National League for Democracy (NLD), and Aung San Suu Kyi's candidacy in the by-election held on April 1, 2012. The NLD won a landslide 43 out of 45 seats in parliaments in the election. While this overwhelming victory is largely an indicator of Aung San Suu Kyi's popularity, it also reflects the Thein Sein government's reforms.

So why did these reforms start, how far will they go, and are they sustainable? To assess these still-ongoing reforms, we need to understand three key factors. The first is the track record of the military government over its 23-year rule. We need to understand what the military government wanted to achieve, what it did achieve and what it failed to achieve, since this track record of accomplishments and unsolved problems is guiding the direction of the reforms being carried out by the new civilian government. Second, we need to understand the ambitions of Myanmar's political leaders, since this intricate web of contrasting agendas helps explain the current direction of reforms. The country's major political figures include elderly retired SPDC Chairman Senior General Than Shwe, President Thein Sein, who understands the reality of the international community, opposition leader Aung San Suu Kyi, who was long placed under the house arrest and getting old, Speaker of the People's Parliament Shwe Mann, who reportedly wants to seek the presidency after the next general election, and the uncharismatic commander-in-chief of Myanmar's army, General Min Aung Hlaing. The third key factor to consider is the US's new foreign strategy on the Asia-Pacific region, including a change in policy toward Myanmar.

In this article, I will examine the first two of these factors to shed light on what has shaped the new government's reforms. I will leave US policy toward Myanmar for another occasion. I will then assess the first year of the Thein Sein government and forecast future developments.

Military government's track record

Why did the 'new' government start the reforms? Since the leaders of 'new' and 'civilian' government are 'old' and 'retired generals', the answer lies in the military government's 23-year track record of accomplishments and unsolved problems. The direction of the new government's reforms has been guided by what the military government achieved (accomplishments) and failed to achieve (unsolved problems).

Over its 23-year rule, the military government's ultimate ambition and achievement was to strengthen the power base of Myanmar's military, so the first item in its track record I will discuss is its desire to give the military a permanent voice in the national government. To do so, it ignored the 1990 general election results, placed Aung San Suu Kyi under long-term house arrest, and obstructed the NLD's political activities, ultimately forcing its dissolution. At the same time, it created the USDP, a party fully backed by the military, and created a mechanism for winning votes through the party's parent organization, Union Solidarity and Development Association (USDA), and government organizations. In 2008, it created a new constitution with several provisions guaranteeing military participation in the national government. The national system that it created constitutionally and systematically maintains the military's influence in the government even if the USDP loses ground in an election. The government effectively created a military-centered political system in which retired military leaders run the USDP and active military leaders run the military. For the military, the creation of this political system was a major accomplishment of the era of military rule.

But since the increase of military participation in government was often achieved through force, it had many negative aspects. To contain student movements, the government closed the universities for many years, and allowed them to reopen only after forcing them to relocate to inconvenient sites away from city centers. To discourage student gatherings as much as possible, the government encouraged distance learning-based universities that improved the apparent university enrollment rate but reduced the overall quality of higher education. Democratization was lagging, human rights didn't improve, and freedom of speech, freedom of belief and freedom of association were restricted. The people in power were corrupt and bribery was rampant. Aung San Suu Kyi likened the people of Myanmar under military rule to prisoners in their own country.

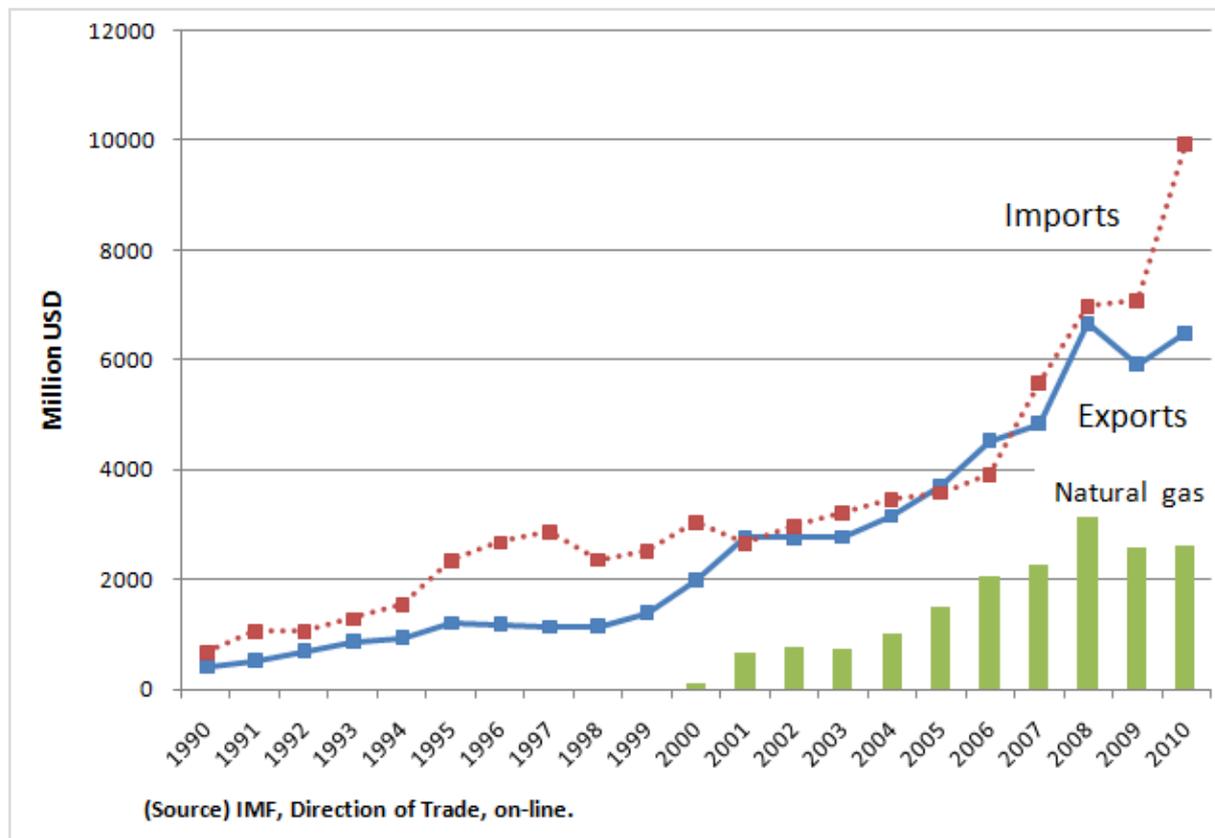
Thein Sein's reforms are being built on this platform of systematic military participation in government. By opening up a dialog with Aung San Suu Kyi, the government wants to gain a level of legitimacy that escaped it during the era of military rule, and by deregulating the media and expanding the rights and freedoms of workers and citizens, it wants to improve the negative aspects of that era. But the government has no intention of reforming the platform of systematic military participation in government itself. No reforms are underway to remove the provisions in the 2008 constitution that reserve a quarter of the seats in parliament for the military, allow military commanders to influence national politics through the National Defence and Security Council, or ensure military autonomy. Thein Sein's reforms should be viewed in the context of a nation structured wholly around its military.

The second item in the military government's track record is its attempt to end the civil war and its success in reaching the ceasefire agreements with the major ethnic minority insurgency groups, including the remnants of the Communist Party of Burma (CPB). The military government managed to achieve the first nationwide peace free of major combat since independence. Since its establishment, Myanmar's military had been fighting a civil war that increased its power and reason for existence, so attaining peace with the ethnic insurgency groups marked an epochal change in policy for the military. But it is important to note that part of the reason for the military's switch to a pro-peace policy was the crisis it found itself in immediately after the coup d'état in 1988. At that time, the military was opposed by Burmese pro-democracy groups, the CPB and ethnic minority insurgency groups. If unified, these antigovernment forces could have posed a real threat of ousting Myanmar's fledgling military government. At least, the military leaders thought so at that time. The military government's decision to choose peace was largely part of a strategy for their own survival. It was not motivated by any desire to fundamentally change how it governed the country. Accordingly, there was no progress in later talks for political resolutions with the ethnic minority groups, and another crisis ensued 20 years later when peace broke down.

But the situation was no longer the same as it had been 20 years before. Myanmar's military had become significantly stronger. Ironically, the compromises the military had made to maintain its power 20 years before ended up benefiting it due to serendipitous developments—the strengthened ties with China and the successful exploitation and export of the country's natural gas. However, some ethnic minority groups still maintain a reasonably powerful presence, and there is no doubt that the military will be forced to make a difficult choice between another war or a compromise. The peace achieved by the military government has been both an asset and a liability for the new government. The Thein Sein government needs to take a political approach to the ethnic minority problem. It needs a final resolution, not just more temporary ceasefires with the insurgency groups.

Economic reforms and development are the third item in the military government's track record. The military government carried out economic reforms to encourage economic development, but they were reforms designed mainly to strengthen the government's power base. Immediately after the coup d'état, the military government started selling off the country's resources piecemeal under the guise of opening markets to the outside world. Initially it sold most of the country's logging and fishing rights to neighboring Thailand. Then in the mid-1990s, it sold rights to Western companies and others to develop offshore natural gas resources. Starting around 2001, this development became a massive source of foreign currency for the military government (see Figure 1) that was poured into expanding the military's power and modernizing its equipment. Government policies were not designed with adequate concern for improving the people's quality of life. In fact, not only did the development of the country's natural resources not improve the people's standard of living, but a large number of the population immigrated to work in Thailand and other neighboring countries that had acquired Myanmar's resources and were enjoying a streak of economic growth.

Figure 1 Myanmar's export and import volume



One reason the Thein Sein government eventually started to work on economic development was the poverty that plagued the lives of Myanmar's people under military rule. A rise in official fuel prices coupled with increases in the prices of basic foodstuffs such as rice and cooking oil sparked a 2007 demonstration lead by Buddhist monks, indicating that the lives of Myanmar's people did not improve throughout the era of military rule. If the new government doesn't make efforts to improve the lives of its people, it will have to contend with a simmering background of popular discontent that could eventually erupt into something more. The Thein Sein government has also needed to promote economic development benefiting a wide range of supporting fields to strengthen its own power base.

The efforts to improve Myanmar's relations with its neighbors are the fourth item in the military government's track record. These efforts proved to be the government's salvation when it was increasingly isolated by the international community over human rights and democratization issues. The military government's stronger political, economic and military ties to China, India, Thailand and other ASEAN members protected its power base from crumbling under the pressure of Western sanctions. Particularly important were the government's stronger political, economic and diplomatic ties to China that gave rise to China's reputation as Myanmar's patron among the international community.

But without improving its relations with Western and other developed countries including Japan, Myanmar will find it difficult to fully return to the international community, increase its integration into the

global economy, and achieve sustained and broad-based growth. The foreign investment and economic assistance it received from countries such as China and Thailand have plundered its resources, making it questionable whether such lopsided strengthening of ties to neighboring countries was ultimately conducive to the healthy growth of Myanmar's economy. It would therefore be natural for Myanmar's new government to have come to the conclusion that it should end the excessive reliance on China that existed throughout the era of military rule. Since Obama took office in 2009, the US has been implementing a new foreign policy that makes the Asia-Pacific region its 'top priority'. Partly to keep China's rise in check, it has shifted its stance on Myanmar from one of uncompromising pressure through sanctions, to a carrot-and-stick approach that combines continued sanctions with talks directly with Myanmar's government. Myanmar has seized the opportunity that this shift in US diplomacy has provided, and has been trying to improve its relations with the West since the establishment of the Thein Sein government.

Ambitions of Myanmar's political leaders

The fundamental factor guiding the direction of the Thein Sein government's reforms is the military government's 23-year track record of accomplishments and unsolved problems described in the previous section. But the personal ambitions of the country's political leaders may also play a role as shorter-term or more localized factors. Since I did not have interviews with Myanmar's political leaders, I can't offer definitive proof of what their ambitions are. However, I can make educated inferences based on evidence. In this section, I will attempt to look inside the minds of Myanmar's political leaders to discuss their ambitions.

I'll start with elderly retired Senior General Than Shwe. It seems likely that securing the safety of himself and his family became a major concern for Than Shwe after retirement, so an obvious exit strategy for him to choose would be a 'soft landing' through moderate democratization that avoids the radicalness of the Arab Spring movement. It would therefore benefit him greatly to work with Aung San Suu Kyi, who enjoys popular support and can influence the international community. But since the two didn't trust each other during the era of military rule, they had not been able to work with each other. However, Than Shwe's retirement has made it possible for the new government to work with her. Than Shwe gave a permission, overt or tacit, for Thein Sein to work with Aung San Suu Kyi.

Thein Sein's initial objective as president seems to have been to restore Myanmar's image in the eyes of the international community from the rock-bottom level it had fallen to during the era of military rule. The decision to work on this objective may be the result of Thein Sein's many years of dealing with international politics. For example, Thein Sein was already the de facto prime minister when the Buddhist monks demonstrated in September 2007, and he personally bore the international community's harsh criticism for the demonstration's forceful suppression. The UN General Assembly passed resolutions censuring Myanmar for twenty years in a row, and only vetoes from China and Russia prevented similar resolutions being passed by the UN Security Council. So I think Thein Sein has been well aware of how

low Myanmar's image has fallen in the eyes of the international community. Myanmar's bid to return to the international community gained traction with its appointment to chair ASEAN in 2014 and Hillary Clinton's visit to Myanmar's capital, Naypyidaw, the first visit by a US secretary of state in 50 years. To enable Myanmar's return to the international community, working with Aung San Suu Kyi was a vital political requirement for President Thein Sein.

An unexpected supporter of Thein Sein's reform policies is Shwe Mann, Speaker of the People's Parliament. During the era of military rule, General Shwe Mann was Joint Chief of Staff and the third-ranked military officer, outranking the fourth-ranked General Thein Sein. For that reason, many thought he would be the next commander-in-chief of the Myanmar military during his days of active service. He became the top presidential candidate after he retired ahead of the 2010 general election, but ended up relegated to the honorary post of Speaker of the People's Parliament. The reason he ended up in this lesser post is unknown. At the time, Than Shwe may have been averse to the emergence of a competent president with influence over the military. Shwe Mann's conservative, hard-line image may have been disliked. Perhaps the reason was the suspicion of corruption that surrounded members of his family. At any event, Shwe Mann later came out as a reformer when he voiced his support for Thein Sein's reforms. With the appointment of the competent Shwe Mann as Speaker and parliament members permitted to speak freely, discussion in parliament has become lively. Shwe Mann is reportedly aiming to bring the USDP to victory in the next general election, slated for 2015. He wants to receive the endorsement of the People's Parliament and run in the next presidential election. For that reason, he may be trying to style himself as a reformer with the people of Myanmar.

Why has Aung San Suu Kyi been conciliatory to the new government? It is unlikely that she has changed her ultimate objective of political reform to achieve democratization and respect for human rights, but I think she has shifted her strategy to attain these objectives in a peaceful manner over time. This change may reflect her three house arrests spanning 15 years during the era of military rule, and her advancing years (she is already 66). Under Myanmar's Emergency Provisions Act, Aung San Suu Kyi could be detained again for 6 years. She may be anxious that if placed under house arrest again under this law, she will not be able to run in the next general election in 2015, ending her political career. The aging of the NLD's leaders has been a serious problem. Grooming successors for NLD leaders or for Aung San Suu Kyi herself will require help from Thein Sein to win the release of political prisoners such as NLD party members and former student leaders of the 88 Generation Students' group. Aung San Suu Kyi may want to achieve that aim, then win the next general election and work on promoting democratization.

What are the ambitions of the military's commander-in-chief Min Aung Hlaing, and of the military as an organization? Many military officers may be frustrated that the military has been made to stand down after always having had the sole grip on the reins of power. There were also major personnel changes within the military before the 2010 general election and before the new government took over 2011, and it seems only natural that some would have benefited while others suffered from the changes. There are reports of

reappointments of military district commanders over suspicions of corruption directly after the new government took over. Doubtless some military officers have been disgruntled over the sudden crackdown on corruption among military leaders that took place after the new government's establishment despite the fact that the current USDP government's leadership still includes members rumored to have been corrupt during the era of military rule.

However, the military as a whole has no immediate reason to oppose the new government as long as the military ensures and maintains its participation in government, its autonomy and the economic rights and interests it gained during the era of military rule. The threat and actual use of deadly force against civilians during the era of military rule has ruined the military's image within Myanmar. Some officers are disgruntled with the current state of the military, and many in the military support Thein Sein's reforms. Many influential senior military officers retired before the 2010 general election, resulting in a sudden influx of younger blood into the military leadership. For Min Aung Hlaing, the reality is that the competent officers who were once his superiors in the military are now running the new government, and Min Aung Hlaing just doesn't have what it would take to usurp them in a coup d'état. The military is expected to reinstate a strictly enforced retirement age of 60. If that happens, the 56-year old Min Aung Hlaing will have to retire when the next administration takes office around 2016. In other words, the mandatory retirement age is discouraging the emergence of commanders with the wherewithal to lead coups d'état.

This section has examined the ambitions of Myanmar's political leaders—an intricate mix of various personal agendas that has helped shape the reforms.

Assessment of reforms and challenges ahead

Myanmar's reforms have emerged from within the country itself. They inevitably had to be military-led efforts. I have arrived at this conclusion by witnessing the strengthening of the military's power base over 23 years of military rule in Myanmar. The current reforms are certainly no exception to this rule, so should not be viewed as Thein Sein's attempt to negate military rule, or as a completely fresh start done in opposition to Than Shwe and the old guard. They should instead be seen as Thein Sein's efforts to build on the foundation of accomplishments achieved by military rule—albeit efforts designed to remedy the problems generated as side effects of rule by force. These problems include the regime's lack of legitimacy, the nation's loss of face with the international community, serious human rights issues and economic development lagging behind neighboring countries. In a sense, the reforms are part of the larger picture of military rule.

Nevertheless, few would have initially expected the current reforms to be carried out in as bold and rapid a manner as they have been. They have been made possible in large part due to Aung San Suu Kyi's conciliatory stance to the new government. And while the details are beyond the scope of this article, the change in US policy toward Myanmar under the Obama administration has also greatly helped the Myanmar government's bid to return to the international community.

The Thein Sein government's military power base gives it the stability needed to carry out stable political and economic reforms. The context of the current reforms becomes clear when considered in these terms. The handover of government from a military dictatorship headed by Than Shwe to today's new political system of what amounts to 'indirect military rule' has been skillfully controlled. While I think there are some differences of opinion between the military (active military members) and USDP (retired military members), the two sides do not have any major conflicts of interests at present. Naturally, there are no doubt power struggles within the present government, but they shouldn't be interpreted as conflicts between reformers and the old guard over whether to permit or eliminate military intervention in politics, i.e. democratization. Since they permit the participation of the military in government, Thein Sein and all the members of the current USDP government are effectively members of the old guard. So while reforms will continue within the limits of the new political system created by the 2008 constitution, a backlash could occur if they attempt to go beyond those limits. The military may therefore feel threatened by the NLD's landslide victory in the by-election held on April 1 2012, and by Aung San Suu Kyi's call for amendments to the constitution.

The new government will have to overcome a large number of challenges to successfully carry out the reforms. The first is the government's lack of competence. Honorary appointments of retired military officers to government positions and a top-down system of decision-making in government were commonplace practices during the era of military rule that have left behind a dysfunctional bureaucracy as their legacy. Low salaries and other poor treatment of employees and the stagnation of the higher education system supplying the labor pool have prevented talented people from taking government jobs. A culture of idleness and passive indifference to problems has taken firm hold of the bureaucracy, which simply neglects to carry out the orders for new policies issued by the president and ministers. As a result, Myanmar's people and businesses are seeing little change result from the new government's reforms for themselves.

The second challenge is how to tolerate diversity of opinion and where and who resolve conflicts of interests. Under military rule, political differences of opinion were considered divisive for the nation. The media were strictly regulated, and the people had no opportunities to voice their opinions. While open political discussion eventually started with the inception of parliaments, it is a new concept that the country is still having difficulty getting used to. Media deregulation is continuing, and there has been a large amount of coverage of political issues by weekly magazines and other media. The 2008 constitution created the first region and state assemblies since Myanmar's independence, but they have yet to function properly. Myanmar now needs to create sound political and judicial systems that will settle the issue of how much diversity of opinion to tolerate, and where and who to resolve it.

The third challenge is economic structural reform. Despite a vital need for structural reform, the nation's economy has been held firmly in check by the military, politically connected businesses and other beneficiaries of vested interests. Liberalizing the country's economy and transitioning to a fair market

economy will be difficult challenges. Myanmar's people are very discontent with the gap in the standard of living that widened during the era of military rule. Skillful leadership is called for, able to start by attracting export-oriented foreign investment and implementing other reforms that don't conflict directly with domestic vested interests.

The fourth challenge is political reform. Any analysis of Myanmar's politics should acknowledge the potential for the country's political situation to again possibly destabilize in the medium to long term. As previously mentioned, the fundamental conflicts of interest between the military, pro-democracy groups and ethnic minority insurgency groups have not been resolved. The current reforms are military-led measures that don't infringe on the military's core interests, and will not necessarily lead to rapid political resolutions of these fundamental conflicts of interest. These conflicts could possibly flare up at some point in the future, making the 2015 general election a watershed event. The 2015 general election will not permit the same lack of transparency as the 2010 general election, and the voters are likely to vote with greater freedom than they did in 2010. If the NLD wins a landslide victory in the 2015 general election, Myanmar's political situation could again precarious, raising several questions—Is the USDP prepared to lose? If it loses, might it relinquish its power or form a coalition with other parties? Will the military permit that?

However, 2015 is still several years away and not an immediate concern. The key issue now is how well the country's efforts can succeed in the years up until that time. Myanmar needs to deregulate its political, economic and social structures, create a system for protecting human rights, expand its media and integrate its economy with the rest of the world's. How successful it is in achieving these aims will be a crucial determinant of its ability to prevent backsliding in reforms.

How the international community should deal with Myanmar

The post-military rule era was ushered in by the military government's completion, not by its end. In many respects, the 2010 general election and inception of a civilian government the following year should be seen as events marking a fresh start for the Myanmar military, rather than as the end of its military rule. But to say that military rule hasn't ended is not to imply that the Thein Sein government's reforms are mere window dressing that will have only brief effects. The consolidated power base of Myanmar's military was precisely what enabled the eventual decision to make the military stand down. The increased stability of the military and the new political system have given the military the breathing space it needs to stop regarding Aung San Suu Kyi and the people as elements that threaten to divide the country, which in turn has driven the reforms.

The new government's confidence is coupled with a high degree of frustration at the damage done to Myanmar's image in the eyes of the international community during the era of military rule, and at the country's lagging economic development relative to its neighbors. This frustration has been fueled by the military's sporadic failures in its areas of strength even as it pursues its larger goal of strengthening its

power base—its failures in fields that slip through the cracks of national control, and the failure implicit in the stubborn persistence of ineradicable antigovernment groups.

Aung San Suu Kyi's vision of a democracy based on Buddhist compassion is gradually filtering down to the people, and has shaken the very core of the military's objective of a 'disciplined democracy'. Despite the military government's efforts to control the distribution of information in the country, the truth has managed to find its way into and around the country through media such as short-wave radio, satellite TV, and the Internet—the providers media sources from outside the country, notably Myanmar exiles themselves. There has been a vast outpouring of immigrant workers to countries around the world who have sent back money and uncensored information about the outside world to the family and relatives they left behind. Some ethnic minority groups managed to create local bases of government over the 20 years of peace, despite their military inferiority. The strenuous efforts of ethnic minority parties to win seats in state parliaments during the 2010 general election are one example. Democracy, human rights and rule of law are becoming increasingly important values in the international community and diplomatic world. There is no doubt that this normative pressure was partly what compelled Myanmar's military government to hold the 2010 elections, imperfect though they were. After the military suppression of the 2007 demonstration by Buddhist monks, the military government was forced to step up its seven-step 'Roadmap to Democracy' partly due to criticism from the international community. Countries that ignore election results and don't hold elections for 20 years inevitably become pariahs in the international community today. So while the military government has indisputably consolidated its power base, it is not unassailable. The new government has welcomed the inception of 'civilian' rule as the greatest opportunity of the past 23 years. Its attempts at reforms are understandable and its ambitions should not be underestimated.

What does the future hold for Myanmar? The thick fog of military rule that has so far enshrouded the country should gradually clear. And when it does, the country that will emerge will likely resemble a typical developing country. Myanmar will be no different from any other developing country. Once Western sanctions are eased or lifted, Myanmar's businesses and products will no doubt regain access to global markets, and there will be an influx of investment and economic assistance from developed countries. When Myanmar emerges as a typical developing country, it will likely return to the international community, become more integrated into the global and regional economies, and have the chance to realize its latent potential.

But the road to development will not necessarily be a smooth one. Myanmar's low level of economic development alone is enough to leave little doubt it will be classed as an least developed country (LDC)—one of the world's poorest countries. Without domestic sources of capital, knowledge, technology and manpower needed for economic development, it will be no easy task for one of Asia's poorest countries to develop its economy and industries amid the increasing integration of Asia's economies and the rise of neighboring superpower China.

This picture of Myanmar's future suggests how the international community should start dealing with the country. For many years, the West has pressured Myanmar in the direction of democracy and respect for human rights by ostracizing its military government through measures such as economic sanctions. But regardless of the political effects these measures may have achieved, if any—a point hotly debated, the economic effects have been to impede Myanmar's transition to a market economy and its development of a sound economic system. The sanctions that cut off Myanmar's military government, particularly its bureaucracy, from relations with developed countries and multilateral development financial institutions such as the IMF, World Bank and Asian Development Bank robbed the country of opportunities to experience and adopt standard international systems for areas such as trade, investment and finance. Countries such as Vietnam have introduced international standards and the sound systems and governance known as 'best practices' thanks to the influence of the US-Vietnam Bilateral Trade Agreement, membership in the World Trade Organization, and loans from multilateral development banks with their attendant conditionalities. These influences have undoubtedly led to the development of sound economic systems that have encouraged economic growth.

Instead of cutting Myanmar off from the rest of the world, developed nations, corporations and international institutions should promote sound economic systems and governance in Myanmar by helping it take part in trade, investment and economic assistance programs. These activities will help Myanmar's new government establish order in a way that benefits the people. Without economic growth, it will be difficult to improve education, health and other aspects of life for Myanmar's citizens, stop the massive outflow of immigrants, and resolve the conflicts with ethnic minorities. To start undoing the damage left by 23 years of military rule in the country, the international community needs to support the new government's efforts to achieve economic growth—this is how it should start dealing with the country.