

Prepared Testimony by Dr Thant Myint-U before the East Asia Sub-Committee
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The policies of the United States and other Western governments over the past twenty years towards Burma have failed. They have not been helpful in moving the country towards meaningful democratic change and at the same time have largely neglected the country's multiple ethnic and armed conflicts as well as its pressing humanitarian challenges.

As we move towards a very welcome review and adjustment of American policy, I think it's important to reflect on the history behind today's challenges, appreciate the critical and complex watershed Burma now faces, and try to identify pragmatic ways forward.

War and state-building

There is a myth that Burma emerged from British rule in 1948 as a peaceful democracy with all the attributes necessary for later success, only to fall mysteriously into dictatorship and extreme poverty. Burma in 1948 was actually already at civil war, its economy in ruins. And this civil war has continued until today. It is the longest running set of armed conflicts anywhere in the world, setting the Burmese army against an amazing array of battlefield opponents – from the Mujahedeen along the former East Pakistan/Bangladesh border, to remnants of Chiang Kai-Shek's Nationalist Army, to drug-lords, to Beijing-backed communist rebels, to Christian-led ethnic Karen insurgents in the jungles near Thailand.

The Burmese army has been in the field uninterrupted for more than six decades. For the army, the history of these six decades has been the history of their fighting back, to hold the country together, from a time when they barely controlled the then capital Rangoon, to today, when they believe they are within reach of a final victory.

State-building in Burma has gone hand-in-hand with war-making. And the military regime remains at its core a counter-insurgency operation. It was designed and built-up to identify enemies, contain them, and crush them when possible. The men in charge may be motivated by desires for personal power and profit, but they also believe themselves to be patriots. And after two generations of fighting foreign-backed rebellions, they are primed to see foreign conspiracies behind all opposition.

In 1962, the army overthrew the last elected government, in part to pursue its counter-insurgency operations unhindered by civilian oversight. It established what it called The Burmese Way to Socialism, which nationalized all major businesses, expelled the country's Indian merchant class, and sought to isolate Burma from the world, banning nearly all international aid, trade and investment. The military state grew up and consolidated its rule in this self-created isolation. It is its default condition.

These twin legacies – ethnic conflict and international isolation - have been instrumental for the consolidation and continuation of military rule. Progress towards peace, inter-ethnic reconciliation, and the reintegration of Burma into the global community are essential if we are going to see any sustainable transition to civilian government. Yet not only has there been little focus on these issues, but key opportunities in recent years have been missed.

The end of Burmese socialism and missed opportunities

The early and mid-1990s provided a unique chance to move Burma in the right direction. General Ne Win, dictator of Burma since 1962 was old and ailing and a new generation of generals had come to the fore. The Chinese backed communist insurgency had collapsed and cease-fires were agreed between the Burmese army and more than two dozen different insurgent forces.

While rejecting democratic reform, many in the new leadership wanted to end decades of self-imposed isolation and move towards a more free-market economy. Trade and investment laws were liberalized and tourism encouraged for the first time in decades. Satellite television soon brought the world into millions of Burmese households and travel in and out of the country, both legally and illegally became routine. The government sought development assistance from the UN and the International Financial Institutions. US and international policy should have been to lock in these tentative steps, especially the ceasefires and market reforms, rather than ignore them, impose economic sanctions, cut off assistance, and insist on an immediate democratic transition.

US policy's near singular focus since 1988 on support for the democracy movement led by Daw Aung San Suu Kyi is understandable, especially given ongoing repression and her party's decisive win in the 1990 elections. In the early 1990s I was a staunch supporter of the toughest approach possible towards the regime and argued for comprehensive sanctions. I believe I was wrong and I had changed mind by 1993 when I saw that sanctions were unlikely to ever really pressure the regime and were instead impeding the positive momentum that was there.

There was political repression in Burma, but that's been the constant since 1962. What was different in the 1990s was the end of fighting across the north and northeast and the opening up of the economy. I am convinced that had we embraced these changes and used them as opportunities to move towards a just peace while also reconnecting Burma with the world, the democracy movement would be in a far stronger position today.

The problem with sanctions

Sanctions have not only been ineffective in promoting democratic reform, they have also been hugely counter-productive in reducing Western influence, reinforcing isolationist tendencies, constraining moves towards market-reforms, and decimating the position of the Burmese professional, managerial and entrepreneurial classes. The last generation of US and UK educated technocrats has now retired or is close to retirement, and very few in the bureaucracy or universities today have had any foreign

training. The country is far less prepared for a sustainable democratic transition today than it was in the early 1990s.

We have to remember this: politics in Burma like everything else operates on a landscape cultivated by over sixty years of war and nearly fifty years of military dictatorship. Little will change without first transforming that landscape. Focusing on regime-change at the top will simply not work. Sanctions and related divestment campaigns and campaigns to minimize tourism have drastically reduced chances for the emergence of new and outward looking economic forces. The political economy which has emerged under sanctions, based now on a few extractive industries and trade ties with a handful of regional countries, has proven particularly easy for the incumbent regime to control. Aid restrictions, restrictions on high-level contacts and travel by senior Burmese officials, and embargos on trade and investment all have had the direct if unintended consequence of reinforcing the status quo. And to say that the government's own policies are also to blame do not absolve the role that US and other Western sanctions have played in entrenching poverty and engendering a political economy that is the antithesis of one that could have thrown up positive social change.

We need also to differentiate between punishment and pressure for change. Sanctions may be seen as a form of punishment, in the sense that the regime doesn't like them. But sanctions do not constitute pressure for change, quite the opposite, they strengthen the hand of those who are uninterested in further engagement with the outside world and in particular the West. Real pressure comes with increasing the regime's international exposure, creating new desires, and placing tough options on the table. Having to choose between Western sanctions and a handover of power is simple. But with greater international exposure, a choice between real policy change and improved governance on the one hand or a future as an impoverished dependency of China on the other won't be as easy.

The present watershed

Burma now faces an historic watershed, and whatever happens, I am certain that the next 12-18 months will be the most important time in Burmese politics since the failed 1988 uprising.

The current watershed has at least three principal components:

- (1) First is the civil war. Burma's civil war may either be nearing an end or entering a new and violent chapter. There still exist more than two dozen distinct ethnic-based insurgent forces, fielding well over 40,000 troops in total. Vast areas of the country, in particular in the north and east are ruled by a mix of Burmese army battalions, insurgent armies and local militia. Though the cease-fire arrangements between the Burmese army and nearly all insurgent forces remain, many are increasingly tenuous. In recent weeks we have seen the oldest of the cease-fires, the twenty-year agreement between the Burmese army and the Kokang militia break down. The coming months may well see successful efforts by the Burmese army to pressure or persuade the various armed groups to transform themselves into quasi-autonomous militia and accept

the new constitutional order. But a return to full-scale hostilities, though unlikely, is also far from impossible.

- (2) Second is the generational transition within the armed forces. Most if not all the present army leadership will retire in the coming months to be replaced by officers in their late 40s and early 50s. This new generation will be the first to have risen to senior command on the basis of their administrative rather than any significant combat experience, the first without training in the United States, and the first for whom the West, rather than China, has been portrayed as the main strategic threat.
- (3) Third is the political transition under the new constitution. Entirely new political structures, including fourteen state and regional governments will be established in 2010 under the new constitution. Central power will at least nominally be bifurcated between a new and powerful president and a new armed forces commander-in-chief. General elections may or may not create an opening for more independent political voices, but the transition to the new constitutional set-up will present at the very least a massive shake-up of existing systems of authority and patronage. We do not know if the leadership will be able to manage the transition as they wish. 2010 may well throw up unexpected new dynamics, especially as they come at the same as major changes in the army's top ranks.

Burma's relationships with her neighbors, in particular China, are also changing fast. The migration of hundreds of thousands if not millions of ethnic Chinese into the country, the rapid expansion of Chinese business interests, and the construction of huge new infrastructure projects linking Burma to southwest China, including a massive Chinese oil pipeline, designed to transport Middle Eastern and African oil across Burma to China's Yunnan province, will have an enormous impact on the Burmese economy and society, especially as they take place during a period of Western economic withdrawal. Burma is already a major exporter of energy to Thailand in the form of natural gas. Burma may soon also export large quantities of natural gas to China and hydroelectric power to China, India and Thailand. How well and how transparently revenues from energy exports are managed will be a key test of any future government.

On China, we have to remember that the present army leadership grew up fighting the Communist Party of Burma, a well-armed Chinese-supported insurgent force that once threatened huge parts of the eastern uplands. There is no love lost between Beijing and Naypyitaw. The present leadership rose up the ranks seeing China as their number one strategic threat and the US as their ally. Many see their present dependence on China as an anomaly, a tactical move that needs correction.

I have visited Burma often in recent years, at least ten times since the beginning of 2007. I've travelled extensively around the country, without escort and few restrictions, and have met hundreds of people, from senior army officers to dissidents to businessmen to local aid workers, including friends and family, some well-off, others struggling each day to feed their families. This is a country where political opposition is violently repressed and there is a obvious desire for greater freedom and government

accountability. But it's also a country where there exists an increasingly vibrant civil society, a heavily-censored but largely privately-owned media, with dozens of newspapers and magazines, widespread access to satellite television and foreign movies, an energetic contemporary music scene, extensive religious freedom, and a weak but resilient private sector. There are literally hundreds of genuinely independent local non-governmental organizations in Burma today, and thousands of community-based organizations, all working to improve living conditions for ordinary people, a young country of 55 million, one of the most ethnically diverse in the world. I say all this not to deemphasize the political repression that exists. Make no mistake – there is little or no political freedom in Burma and the continued detention of an estimated 2,000 prisoners of conscience is rightly seen as unacceptable. But outrage alone changes little. And to move towards a more results-oriented approach we need to see Burma in all its complexity.

I said that Burma is at a watershed. The ceasefires could collapse leading to a new round of inter-ethnic conflict, a new generation of generals could emerge hostile to the world as well as their own people, and plight of ordinary people could worsen still, even while the rest of Asia moves forward. The demise of current leaders could lead to elite fracture and even state collapse. Alternatively, if more pragmatic views prevail, a freer and more prosperous future may not be so far away. The difference will be determined inside the country, but I believe that are key areas where help from the outside will be significant, as outlined below.

The importance of increasing humanitarian assistance

The Administration's support for increased humanitarian assistance is extremely welcome and scaling up aid should be a top priority. Burma has the 13th lowest per capita GDP in the world and its child mortality rate is the second-highest rate outside Africa, after Afghanistan. The average family spends an estimated 75% of its small income on food. Burma has the highest HIV rate in Southeast Asia, and malaria, a treatable and preventable disease, is the leading cause of mortality and morbidity.

Yet assistance to the Burmese people in 2007 was less than USD 4 per capita. Though this has increased in response to last year's Cyclone Nargis, aid remains the lowest per capita among the fifty-five poorest countries in the world. By comparison, Zimbabwe receives USD 41 per capita and Sudan USD 55. Tens of thousands of people a year die from treatable diseases. The United Nations, international and national non-governmental organizations are all able to deliver aid directly to needy people. But funding has fallen far short of what is necessary.

Cyclone Nargis opened up the Irrawaddy delta to unprecedented and almost unlimited access by international organizations and international and national non-governmental organizations. Almost four thousand aid workers operate there today in over two thousand villages. In addition to providing life-saving assistance and helping villagers restart their lives and livelihoods, their work is significantly strengthening local civil society. Yet funding for recovery efforts has been only a fraction of what is needed. A unique opportunity to help the Burmese people directly and support local civil society may be squandered without more financial support.

In providing humanitarian assistance, I believe very strongly that we must put all other agendas aside and simply provide aid as best we can to those who require help most and continuously press for access to all needy communities. I believe the US should not only significantly increase humanitarian assistance but actively encourage other donor governments to do the same.

Enabling Change

Though positive change in all areas will have to come from within, the outside world can make a difference in enabling that change and making it sustainable. I would suggest:

- (1) Maximize elite exposure. Every scenario for political change in Burma depends on at least a degree of support from within the military establishment. Yet virtually nothing has been done to try to influence the mind-set of the up and coming officer corps or show them that other paths to stability and development exist. The isolation of the country's leadership from the rest of the world is a key pillar of the status quo, its removal is critical for any lasting political change. Dialogue and cooperation on issues of mutual concern – such as disaster risk reduction - should be used towards this end.
- (2) Engage in dialogue on economic reform. Supporters of sanctions are correct when they say that poverty in Burma is not due primarily to sanctions but to the chronic mismanagement of the economy. I favor lifting all economic sanctions, but I also favor more robust efforts to press for economic and related governance reform, separate from any political agenda. This should start with a removal of all restrictions on the United Nations system and the International Financial Institutions, especially the World Bank in engaging the government, including at the highest levels. Efforts to build up the administrative capacity necessary to turn the economy around should be supported, not hindered. As new ministers take up their positions in 2010, they must at least understand the need for more broad-based development, the impact of their own policies, and the options for poverty reduction going forward.
- (3) Don't forget the private sector. Humanitarian assistance and other aid is needed now, but Burma, a country rich in natural resources and situated between Asia's emerging economic giants, should make sure it avoids becoming an aid-dependent country. Scaling up international assistance makes no sense if at the same time we are holding back through broad economic sanctions the possibilities for private sector growth. We need to shift the debate away from sanctions and towards a practical discussion of the kind of trade and investment that would most benefit ordinary people. US sanctions crippled the emerging textile industry and threw 70,000 or more people out of work. Removing the ban on the import of garments from Burma would be a step in the right direction. And if there are specific government obstacles that stand in the way or direct economic engagement with the Burmese private sector (beyond a few top cronies), then the removal of these obstacles should be at the center of dialogue with the authorities.

- (4) Build capacity. No sustainable shift from a military to civilian rule will be possible without radically increasing civilian administrative capacity and capacity in society more generally. We cannot underestimate the impact that decades of self-imposed isolation and external sanctions have had on education standards and technocratic skills. Efforts to build capacity – through training and scholarships – should be actively promoted, including through international organizations.

A democratic Burma

Nothing I have said should suggest any changes in the long term aims we all share – a peaceful, prosperous and democratic Burma. In a country as ethnically and culturally diverse as Burma, only a genuinely liberal democracy with strong local government institutions can, I believe, guarantee lasting stability. A free and economically vibrant Burma at Asia's crossroads is a worthy goal. But we should not underestimate the real and practical challenges that exist between those aims and the situation today. There can be no grand strategy from the outside, only efforts to use and build on opportunities as they come along. And seeing those opportunities depends on being more present on the ground, in direct contact with the Burmese people. This is what a new engagement-oriented approach should be all about.

Thank you.

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