

## Contested Legitimacies and Governance in Burma/Myanmar

**David Steinberg:** I want to thank SAIS and the Sasakawa Peace Foundation USA for hosting this meeting. We hope to exchange ideas. What we do not want to do is reach conclusions, but rather, to air issues that are necessary if we are going to think seriously about the society.

As long as we talk about legitimacy in the country, we know one group would say it's national unity, the other group would say that its elections; minority groups would say something else, perhaps. We know that Buddhism, that nationalism, that socialism, and a whole variety of topics have been used to justify regimes or proposed regimes and we want to get into some of the dynamics of the society. We also want to look at foreign views of legitimacy and know the internal views. We're not trying to reach conclusions.

There's considerable literature about political legitimacy in the west and it goes back a couple of hundred years, and everybody who has been to university has been exposed to Max Weber, either directly or indirectly at some time. There are also Asian views of legitimacy. Traditionally, in Northeast Asia, you have the Confucian concepts of governance, which provide a framework for legitimacy. And in Southeast Asia, Indian concepts have been amalgamated into those societies. We can talk about those things if we want, but we rather want to get into what the dynamics are in the current events.

**Kyaw Yin Hlaing:** Thank you everybody. Before I start talking about legitimacy, I want to clear a few things. I'm here representing only myself, not anybody else, and whatever I say reflects only my views. I

have never worked for the government and I don't want to be associated with the government either. At the same time, even though I am working at the National University of Singapore, I am an independent scholar. Whatever I will be discussing here in my presentation or everything that I will saying is based on my research findings. I have been working on Burmese politics for the last ten or fifteen years, especially on this particular topic.

I met David in Yangon in July and he told me he was working on the legitimacy issue in Burma and he asked me to help him out with his research. Since we have been friends for a long time, I said yes. We started talking about this Burma study conference. He said, "If you are going to the States, why don't you come and give us a call?" And I said yes again. So what I did since that time was get different definitions of "legitimacy," and those of us here who work on social sciences, the social science subjects that relate to it, I'm sure we are all quite familiar with those definitions.

If I just kept repeating those definitions, it would get boring. When I was thinking of how I should help David with his research, I got one idea. Instead of defining legitimacy myself or to rely on other people's definitions, I thought that I should just ask people how they would define legitimacy.

In the last four or five months, I asked a good number of people – about 70 people who still live in Burma and about 20 people who are now living in Singapore and Thailand. I asked them how they would define legitimacy. My talk is going to be based on my conversation with those people; not the

whole presentation, but a large part of my presentation will touch on that.

### **Government Attempts to Legitimize Itself**

But before that, I want to talk about the state of the government and this legitimacy issue. Of course, everybody knows that the government we have in Burma is very repressive and authoritarian. I don't think I need to elaborate this point. But at the same time, we cannot simply assume that the government always wants to resort to coercion. It has tried to legitimize itself in its own way. We will just have to acknowledge that the government did try to legitimize itself.

What did the government do? Since 1998, the time it came to power, the government has been trying to convince the public that the country needs it, that they can do better than most people. There are a lot of things senior government officials have tried to do. As we all know, they tried to renovate historical monuments and pagodas, and tried to modernize the infrastructure.

These days, hardly a day goes by without an opening ceremony of a new computer lab or some new building in Burmese newspapers. What the government has been trying to do are two things: the first thing is modernization. It has tried to modernize the country. The second thing is preserving national heritage. Senior government officials directly and indirectly mentioned in their speeches that these are the two things that they can do better than most people around, so the country needs them. This is the way the government has tried to legitimize itself in the last ten or fifteen years.

I also want to note that instead of talking about how the central state tried to legiti-

mize the state as a whole, sometimes it's more interesting to disaggregate the state into different levels and see what each level of the state has tried to do. One thing is clear: that when you read newspapers or watch television you see the prime minister going around the country, conducting opening ceremonies and things like that. That is what people at the center did. And the ministers also did the same thing. For instance, look at the education ministry. Burmese universities have been offering Ph.D. degrees in the last eight or nine years. Almost every university has the Internet. Of course, the Internet they have is very, very slow, but at least you can use it, even though they have blocked a lot of political websites.

### **Legitimacy at the Local Level**

And then when you look at the divisional level, officials there also have done a lot of things to legitimize themselves. To give you one example, when I was doing research in some areas in the western military region about three months ago, I asked some people about the underground lottery. A lot of people were really happy because the military commander there was cracking down on the underground lottery. I don't really know whether it really happened or not, but when I was there, a rumor was going around that the military commander talked to a small storeowner about the lottery.

The military commander asked her if she bet on the che-hti (underground lottery). This woman didn't know who this person was and said, "We could not do it anymore because of Tha Aye, the military commander. He has taken so many actions against this underground lottery, so we cannot really do that anymore." And then the commander said to her that he was Tha Aye. The woman was frightened and kept apolo-

gizing. He gave her some money, about 10,000 kyats, and then told her not to bet on the underground lottery, but instead invest this money in her business.

The rumors are spread around and even people don't like the government, but they really respect this military commander. I'm not trying to defend this military commander, but in order to understand the way ordinary people view legitimacy, we need to understand the sort of experiences they went through in the last fifteen years or so. And the northern military commander was also very popular. A lot of people in the northern military command area liked him because he cracked down on drug dealers. Drugs were a big issue in that area.

About six or seven weeks ago, I was back in Burma. One of my cousins was in Mandalay to get treatment for drug addiction. My mother asked him, "Are you still using drugs?" He said, "No, I cannot do it anymore." "Why?" "Well, it's not available in the region now because this military commander is taking actions against drug dealers and we cannot easily get it any more. Even when we find it, it's very expensive." I have heard many people saying that this military commander from the northern military command is really good. He's doing a good job.

But you don't see such things at the district and township levels. I will elaborate on this point later. People and officials in the district and township that I visited often only implement instructions from the center. They don't really do much. But I see different things at the ward and village levels. These are the lowest levels of the state.

When you go to rural areas, you see different situations. In July, a couple of days before I met David in Yangon, I traveled

around the delta area. A friend of mine took me to a village. When we got there, we talked to several people, including the chairman of the Village Peace and Development Council. What I learned from the trip was that in that particular village, there were 13 well-to-do people. The township officers pick one of them as the chairman. But this guy has to take care of the entire village. In that village, most people are quite poor and the township Peace and Development Council asked the chairman of the Village Peace and Development Council to sell fertilizer to the peasants in that area. The fertilizer is produced by a factory owned by one of the family members of a senior government official, so the village didn't have a choice. But local people didn't want to buy it. That fertilizer is supposed to be organic fertilizer, but the local people only want to use the non-organic kind. The chairman couldn't do much; he had to pay for the fertilizer. Every year, it cost him about 2,000 U.S. dollars, which is a lot of money in Burma. He said that since he's the community leader, he has to take care of his own people.

Not surprisingly, people in the area really liked this chairman. When I asked them if they thought he was a good leader, everybody said yes. But, of course, when you go to city areas, it's a different story. In certain areas, local officials are really corrupt. Such officials only try to socialize with business people. People do not like such officials and complain about them all the time.

### **Government Role More Popular In Rural Areas**

I also want to talk briefly about how people view officers from the center. In city areas, regardless of what they have done, people don't like most of the senior officials. They always make fun of whatever the govern-

ment has tried to do. But when you go to rural areas, especially areas where the government is undertaking several infrastructure development projects, the situation was different. Many people in those areas liked General Khin Nyunt because he really kept his promises. He made promises and then he delivered on them.

General Shwe Mann is also very popular. He used to be commander of the delta area. Many people in the delta really liked him. They told me that Shwe Mann helped them solve many of their problems. They still remember what Shwe Mann did for them when he was commander in that area, as well as now.

So after all these things, I asked people how they would define legitimacy and what they thought is a legitimate government.

### **Population's Views of Legitimate Government Varies**

I asked about 90 people that question. One group said it was a government that came to power through democratic procedures. Mostly urban, educated people gave that answer. Another group said whoever helps them out with their needs is legitimate. And the last one said that a legitimate government is the one that leaves us alone. So, there are three different answers. The second group had very few people from urban areas. Most people from that group are from rural areas. The last group – the ones that want the government to leave them alone – are mostly from minority areas.

The way ordinary people look at the legitimacy issue is different from the way people with a western education would look at it. The people in the first group are urban and educated. That's why for people like us who are interested in Burmese politics and

who really want to understand Burma's political development in the country, if we only talk to urban educated people, we will not understand the complex nature of the political development in that country.

Thank you very much.

**Tin Maung Maung Than:** Good morning. Thank you very much. Without going into detail about how you define legitimacy, because we scholars – or so-called scholars like me – tend to have theoretical and conceptual definitions of legitimacy. But the trouble is that the people on the ground don't read those books. Their form of legitimacy is different. That's the basic thing. And we want to know – short of a huge survey and having them on the couch – what their real definition of legitimacy is. But if you want to talk about the political impact of what legitimacy means, these people will vote for that guy. It's as simple as that, provided there is an election.

### **Different Concepts of Legitimacy**

Another thing is, legitimacy for them is whether the right to rule is accepted or not. If you don't accept it, so what? The question is, would you go out into the streets? For the moment, no, for all practical purposes. The nature of power configuration that results from the changing of political systems in Burma or Myanmar – this is a very problematic concept, because even if you can define it in your own way, which is robust from the theoretical standpoint, in reality it may not translate into action or inaction.

Jokes in Burma – the Czechoslovakian jokes, the Polish jokes – they translated into Burmese jokes during the BSPP era and then now into the SPDC era. Some of my friends are very good at doing that. But

does that mean that those people are shunned by the people who joke about them and ridicule them? Of course not. When the time comes, in terms of instrumental rationality, some people do engage. And those people who are benefiting from the system also make jokes about the system and sometimes become skeptical, and sometimes say bad things about it. It's quite common.

In Singapore, a lot of people make jokes about the authorities; a lot of people feel that they don't like them, but they do vote the government in, and in, and in. And then when the government says you can be on your own, you don't know what to do, putting it crudely, and they would look for the government for cues despite the fact that they want so-called liberalism. When they have this people's corner set up in the first few weeks, people are talking, then later practically nobody goes there. What I'm trying to say is that it is not very easy and it will be rather condescending for us to define legitimacy for the people and talk about it. That's my premise.

In order for us to get some background, I would like to talk more about economic issues. Performance legitimacy, as defined by whoever, but then the question arises; We have been talking about this economy of Burma for the last how many years? Ten years? And David? What do we have? If the economic policy processes and macro-economic – what you call the conventional wisdom of the Washington consensus is correct in Burma, Burma should have gone to the dogs in 19 what? 60, 70, 80, 90, 2000? They should have never recovered. People would have been in misery. But Burma didn't go to the dogs.

### **Micro-macro Disconnect in Burma**

In fact, there is a micro-macro disconnect in Burma. The macro indicators all point to, say, when you talk to the ADB, or the World Bank, or people from the Burma Fund project, whoever, they are seen as all bad. But there is something in the micro economy. Of course, people can attribute it to the black box called the black market economy, but that is actually running away from the problem. There's a kind of a micro economy working at different levels in which there are losers and winners. Even among the winners there are those who complain. The losers, of course, what do you expect – they curse, right? But the losers shift a lot. In the past, the winners were the textile workers in the late 1990s, in terms of the working class, because they were earning 6,000 to 15,000 kyats a month when prices were a little bit less than now. And then suddenly they become the losers. To put it crudely, those who turn to the nightlife as a vocation probably are winners in terms of monetary income.

In that sense, the dynamics of the micro economy in Burma created differential benefits to different people in which the concept of performance legitimacy is somehow reacting with them. So, if you talk about tycoons at the top – maybe 50 of them out of the 50 million people of Burma, tycoons who are filthy rich with BMWs, Range Rovers, Rolex watches, who shop and have a condominium in Singapore. Well, probably now there are another 50; maybe half of them are new ones, I don't know, but that's the top. The politics of envy, of course.

### **Thinbawthar Class Better Off**

And then there are the so-called *thinbawthar* who are still quite good in a way. And the *thinbawthar* class, I suspect – I have not

done any proper survey on this, but given the fact that from revealed preferences and how the government policies work, they are quite okay now. They are better off. They are supporting a lot of people; there are about 50,000 *thinbawthar* and 25,000 at any time outside of Burma. They probably support 200,000 or 300,000 people back in the city. And because of the contradiction of the Burmese kyat's downward spiral, in fact, this privileged class came about. People who work abroad are also privileged because their money is becoming stronger and stronger. Privileged people support whole extended families. And for them, because of the open economy, of course you say the price of getting a passport is rising too. But for the seamen, it is not as bad as that because they were quite stable. For shore jobs it is very hard for them to get a passport. The amount of taxation on these people abroad is supposedly 10%. It was 25% before the end of BSPP.

Relatively speaking, they were better off and on top of that, now the government has allowed people, at least sailors, to take back a certain amount of money – not less than \$500, which is considerable in the Burmese context – to go abroad so they can catch a plane in, say, Singapore. Of course, a lot of people don't send money the way that everybody knows. For that particular condition, a lot of people say "Hurray, it's nice." And then the government just said, "Okay, you don't need a form and all these things if you are a dependent passport holder and you come back to Burma and keep it; otherwise, you have to bring back, take the passport, return the passport, reapply, or whatever."

Now they say – at least what I was told – that you can keep it. Keep it for six months or every six months, you have to fill out forms, but you can keep it for the rest of

your passport's life. A very small amount of people – maybe 20,000 people who have relatives abroad – are happy. What I'm trying to say is that it is time contingent – of course, it is a transient nature; maybe they will be unhappy next week, nobody knows.

### **Stratified Employment Opportunities**

And you are talking about employment opportunities. Employment opportunities also are very much stratified and very much differentiated. There's a lot of MBAs coming out from the Burmese Institute of Economics. I can vouch that at least the MBA program is rather relatively better than all the other programs because the people who are running it – not because they are my friends, I know about them because they are my friends – are quite robust, the MBAs, at least. Maybe it's not like Harvard, of course, but it's still comparable in the Burmese context; MBAs are really good, compared to others in the social sciences and even physical sciences, in terms of acquisition of knowledge and case study methods.

MBAs are in great demand. But what happened was that they crowded out the ordinary people. Nowadays, Burmese companies require an MBA for even a relatively minor position, whereas if you have a Bachelor of Commerce degree, previously you could get that job. Now only MBAs can get it. But they get a better salary.

The losers are the ordinary graduates who outnumber MBAs by a hundred to one. The same goes for every other thing. Jobs are requiring masters degree holders for just those that are held by a bachelor degree holder. This is the question of the proliferation of degrees.

Talking about teachers, they are not much worse. A good number of them are able to

get by because of extra curricular activities. But on that score, the teachers themselves are able to make do in a way.

Regarding the military, the rank and file, the soldiers also take part in road works, et cetera, and they are paid out of the military budget. They probably earn something like 2,000 kyats a month, and out of that, they earn another 7,000 a month. There are ways and means whereby the corporate interests of the military have been upheld somehow. The professional arms of the military are the engineers and the doctors. In the past they didn't have opportunities, but now, because a lot of government-run factories and joint ventures exist, they do have a role in them.

And then, medical doctors – the medical doctors are prestigious. They can practice outside their working hours. Theoretically, the soldiers are on call 24 hours, but they can go out at the polyclinics in the city, especially in the city of Yangon, Mandalay and other big cities, and practice medicine. So they're happy too.

What I'm trying to say is that there could be a minority of people within the economic hierarchy of Burma who are doing quite well, yet still bitching. They still bitch, but they do have a little piece of the cake. The question is, of course, if the cake stopped growing, what's going to happen? So far, through rent-seeking and other ways, and because of natural gas sales, money is still coming in and there are still a lot of these things.

### **Traditional Medicine An Important Part of Health Care**

Then, health care. If you look at the Bureau of Statistics, private health care costs take up 85% of the total health care expendi-

tures. That 85% goes to the doctors, clinics, medicine, et cetera. What about *taingyin sai*, the traditional medicine? A lot of people are relying on traditional medicine.

Traditional medicine, to be fair to the government, has been given a lot of research and development resources and some regulatory framework, which delimits the kind of worst case scenarios where practitioners give people a lot of unidentified things. If you stick to the standard ones and the big names in traditional medicine, you are sure at least to get – at least within the traditional medicine and alternative medicine framework – what is supposed to be good. A lot of people are turning to that for the ordinary flu. For influenza, you don't need medicine theoretically, except to alleviate the symptoms. A lot of money spent in Burma at private clinics is due to influenza during the cold season. That goes now to traditional medicine, although there is a corner shop where you buy your odd Panadol and things like that. A lot of younger doctors and doctors with no foreign degrees are complaining because they barely get by. And there is a big divide in the medical fraternity because the specialists are getting money like water in a bucket; whereas the ordinary guy is pressured by traditional medicine and self-medication.

But what I'm trying to say is that people are constrained. They don't go for lavish holidays but the crunch has not yet come. I don't know when the crunch will be. Nobody knows. So the question is, when we talk about performance legitimacy, yes, it is not Singapore, it is not Malaysia, it is not South Korea, or Taiwan, but somehow we, the so-called macro economists, try to predict the turning point which we have not yet found. It may come, but nobody can tell.

There are a lot of microeconomic issues which I don't know and you don't know. I always ask my relatives how they get by. They never tell me. Of course, I do support them, but the kind of survey I can make is only about my relatives who I am supporting anyway. But not only that – there must be some ways of making money which they don't tell us about. The usual refrain I heard from the traders, the black marketers and the small shop owners is that as long as they don't engage in politics, everything is fine. This is probably true to a certain extent. Of course, they may get squeezed by the locals, but can still get along.

What about bribery? The problem is that institutionalized corruption has not yet come to Burma. In a sense, the problem is uncertainty. Uncertainty is bad. It's not bribery, but it's bad.

And then the question is that the country is sluggish, but still getting on somehow. Food security, well, there were some problems of that in the Wa area. Unfortunately and ironically, the opium eradication program has been quite successful, despite all the detractors. And that has deprived a lot of people in the Wa area of income, and they are having problems because they forego opium, and the state cannot yet provide them with enough money or alternatives.

These are problems that come out of good intentions. I don't want to get into the sanctions debate, but these issues are there. Supposing tomorrow we lift sanctions; not a lot of money will come to Burma suddenly. I know that because of the kind of alternatives available to investors. You want to go to Vietnam? Yes. You want to go to China? Yes. Wouldn't you like to go to Burma with that money? If the rate of return is less, you definitely won't go. So is it a more complex

issue than lifting sanctions tomorrow? Will manna come from heaven? Not quite. So that's the issue.

### **Burmese Face Stratified Incomes**

What I'm trying to say is basically that in a differentiated society, it is somehow stratified in terms of income. I would say tomorrow you may be a winner, but today, you are a loser. Are you talking about opportunities in that sense – not in a real sense – the convoluted opportunity in the sense that some go down and some go up and something comes out of the rent-seeking system. And all of the 1.4 million civil servants, what do they have? Well, they have assets. When Hlaing Thayar (new town) was first formed, a lot of people grumbled because they were moved out from the suburbs across the Hlaing river into an open ground which was basically rice fields. Few amenities were available.

But suddenly, there was a boom in the 1990s. There was a bridge and suddenly the price of land there quadrupled, then quintupled, and increased about a dozen times. And these people have a windfall and they were very happy and they said the government was very good.

Speculating on cars and speculating on gold, and speculating on land are for the idle rich, you might say. But there's a great cascading effect on ordinary people. Supposing there is a place where you have a car brokerage where a lot of people trade cars, and then you have small little shops springing up all around, and then when they were chased off, they have to go to another place. And these industrial zones are there. Some businesses are doing very well, some are not doing very well. Costs go up because you have to move your little shop in town up to the industrial zone, you have to send

your workers 15 miles out – that’s costly, but for some, it’s a God-sent opportunity.

It’s a differential. You have to pay a million kyats per acre, whereas you were doing it in your mother in law’s house which was cheaper. But there are others who took the opportunity. The problem of finding working capital is a big issue. Some banks failed last year; now they are back to normal. In fact, the FATF (Financial Action Task Force) has now released Burma from restrictions because of the government’s measures against money-laundering.

### **Unorthodox Banking Methods**

This unorthodox method like Mahathir’s, and what he did during the financial crisis, worked. Everybody says it’s wrong, but we did it. The unorthodox method of making those who have borrowed money to give back seems to work. I don’t know how. But on the whole, it recovered to a certain extent within the limited confines of the Burmese banking industry, which is very remarkable. I don’t know how we are going to study it.

Whether you have confidence or not, you still had to eat, you still had to feed your children, so you work within the system. Of course, that is what brings us back to the big picture of not having the cake growing big enough. But so far, the cake is growing for some reason, because of the pent-up energies of the private sector.

The private sector also complained. The FCCI – the Federation of Chamber of Commerce and Industry – has a huge wish list. Some of them were okay, a lot of them were not. They complained: “We don’t make money.” But then you ask them, “Are you really desperate?” “No. I have so many lines.” In Burma, it’s called lines. One line

of business, another line of business. So many lines criss-cross each other. But there are compensatory mechanisms for the people supporting the state’s policies.

This is the very complex situation and legitimacy issues go back and forth from there. The situation is very confusing, and for us researchers, it is very difficult because we can’t go around and take a survey, a robust random survey. We can’t go around talking to people seriously asking them figures from their income tax returns.

The taxation issue – Burma is a poor example of public revenues. There’s a lot of holes in its system. They do one thing, like taxing a car transfer. And you have this change of custom duty from 100 kyats to the U.S. dollar, which is very undervalued given the 900 kyat exchange rate. Now they changed it to 450, which was the FEC rate. So the revenue has shot up this year. These are not permanent solutions, but they do have enough leeway to do all these things to prop up the system. You can’t do it forever, I’d say, but the thing is they’ve been doing it now for how many years?

I don’t have all the answers. I’m just throwing out all these things. Thank you.

**Zaw Oo:** I am from American University and I would like to focus more on the objective analysis about the situation of legitimacy in Burma. But of course, it would be a delusion if I pretended that I am also an independent academic, because I’ve been working with the democracy movement for the last sixteen years. Some of my opinions are not necessarily influenced by the democracy movement, but I share many of their views.

## **Contestation of Legitimacies between the Government and Social Organizations**

I also would like to thank David for organizing this very important conference at a very significant timing, because there have been changes in Burma. The prime minister has been removed in a very polished coup, or purge. My point would take what Kyaw Yin Hlaing already brought in. He said there has been conversation on legitimacy between the government, which legitimizes them, and some of the society groups, which want to contest them. I would say the crisis of legitimacy in Burma stems from the inability to implement the national mandate that the whole country was given in the last elections of 1990. So when you talk about the contestation of legitimacies between the government and the society groups, it will be much more accurate to say that the society groups had already elected a legitimate popular government in 1990. But the problem has stemmed from the time the military government refused to honor the national mandate, which the whole country voted for in 1990.

I might also follow my fellow panelists to a wide definition of legitimacy, but perhaps I would offer some of my observations about the state of legitimization as a process. In that case, I also find an analytic framework as a very useful tool to analyze the process of legitimization in Burma.

### **Electorate Democracy Introduced to Burma in 1948**

Muthiah Alagappa has put forward the normative framework as a way to the legitimization process, and the importance of sharing norms and values. And I would say that the Burmese people have already accepted the electoral democracy as a part of the legitimate procedural basis of elect-

ing leaders. So it would be appropriate to point out that that concept of electorate democracy has been introduced in Burma since our independence in 1948. Of course, even before Burma gained independence in 1948, there have been some limited forms of electoral democracy where the population elected local governments, even under the British occupation.

Since independence, Burma has experienced three elections – in 1952, 1956 and 1960. In all these elections, the electorate turnouts were quite impressive, compared to any of the elections that are happening in Southeast Asia. In fact, there had been elections – at least in 1956 – elections which actually elected a new prime minister, and of course that process of electorate democracy was disrupted quite permanently in 1962 when the military came to power by staging a coup against the civilian government. The winner of the 1990 election was a very popular government which, like the National League for Democracy that won the elections in 1990, the party of the former Prime Minister U Nu also won 60% of the electoral votes. Right after the elections, the military staged a coup and then, of course, the rest of history is very much associated with successive rules of military regimes.

Both in terms of normative and procedural aspects, Burma has been quite familiar with the electoral democracy concept and people have been quite knowledgeable about how to elect leaders. It was quite a surprising outcome during the 1990 elections because the people voted overwhelmingly to elect the National League for Democracy. If you look at the historical timeframe between 1962 and 1990 – nearly 30 years of disruption by military rule – the people are still very familiar with how to vote for whom they like, and I think they have exer-

cised that right quite independently at the time of the 1990 elections.

### **Performance Legitimacy**

Regarding performance-related processes, performance legitimacy enhances the incumbent government; I think that Tin has already elaborated quite extensively about how, in terms of performance legitimacy, the current government stands. I won't go very much into this aspect, but maybe I can pick up some of his observations about the growing cake, or maybe I can call it the shrinking pie. Whether the cake grows or whether the pie shrinks and leads to a serious crisis of legitimacy within the current government, all of the stakeholders involved in taking a share of the pie have to struggle to get their share of the profits. In that sense, the latest situation that has come out in Yangon, which stems from some sort of a business dispute at the Muse border checkpoint in Northern Burma, reflects that there is some ongoing problem, in that aspect.

### **Legitimization Process in Burma**

About the consensual part of the legitimization process, I think Kyaw Yin Hlaing has already shared his findings, so the level of public acceptance of the current government is quite clear. I'm quite relieved that my perception and observation from Washington is not very different from what has been found by Kyaw in very remote areas of Burma. In that sense, we have a very strong agreement, that in terms of the consensual and the performance, the acceptance of the public of the current government is very, very low.

Of course, if you talk about the alternative personalities and the acceptance of the public figures, we can always draw some corol-

lary from the last elections in 1990, when the NLD won 60% of the electoral vote. So I think the NLD's popularity inside Burma is still very strong. But if you look at the latest poll organized by *Time Magazine*, it is not surprising that Aung San Suu Kyi has come up first. According to *Time Magazine*, she is the most popular public figure in Asia. These examples provide evidence about who is winning the game of the legitimization process in Burma.

In terms of charisma and personality, Kyaw Yin Hlaing has come up with a very interesting description about the various top military commanders, and it's very unfortunate that the most charismatic leader has now gone out of power. Perhaps that also has become very problematic for the current military government to maintain legitimacy in the eyes of its own people, the rank and file of the armed forces. In terms of what Muthiah Alagappa has emphasized as the political defining moments, I saw an opportunity to increase legitimacy or decrease legitimacy.

In our history, there have been politically defining moments. Our independence movement before 1948 has been the most important influential factor for national political leadership. But that was about 60 years ago, so no one actually lives nowadays after 60 years of history – I mean in terms of Burmese political leadership.

The most influential figure that came out of that era was General San, father of Aung San Suu Kyi, and General Ne Win who was one of the members of the 30 comrades who liberated Burma. General Aung San was assassinated in 1947, but he is still regarded as the national hero and the liberator of Burmese independence. Of course, most of the legitimacy of Aung San Suu Kyi in the early days of the democratic movement

actually was inherited from her father's legitimacy. She also earned it during the last 16 years by standing very firmly for her beliefs in non-violent struggle, and also the struggle for democracy in Burma.

About General Ne Win, of course, he actually lived quite long. He died at the age of 91, but he died very quietly because the current military leaders do not like him very much. That was kind of the beginning of the fall of the current charismatic leader General Khin Nyunt because he has been the protégé of General Win for years. That defining moment of national independence, the struggle against all foreigners, particularly from India and China – these historical events have become less relevant in the current context.

### **Defining Moments in Burmese History**

The most immediate important events that are still in the memory of many of the Burmese population are of the 1998 popular uprising, because people do not forget these events very easily; the whole country rose up against the socialist government and many unarmed civilians were killed during the suppression by the military government. Those who participated in and those who suppressed the popular uprising in 1998 are still vividly remembered by the population.

The 1990 election is also another very important defining moment in our history, because the whole country actually participated in the national election, thanks perhaps to a miscalculation by the State Law and Order Restoration Council at that time. The people experienced a quite free and fair election, at least on the day of the election on May 27, 1990. I think these are quite relevant and politically important moments that can be a very important factor for the

political leadership in Burma to increase or decrease its legitimacy.

Last but not least, Muthiah has also emphasized the importance of international support, and when it comes to international support, the state of legitimacy in Burma is now at the very lowest it has been. For instance, the United States government has put forward sanctions since 1997 and it renewed the sanctions last year. The European Union has imposed similar sanctions around 1996, but they also decided to upgrade their sanctions just a month ago when the current military regime refused to release Suu Kyi ahead of the ASEM conference.

Support from neighboring countries to the current military regime is also very critical. I still remember the writing of our late colleague Chaotzang who correctly pointed out how debilitating military governments in 1988 and 1989 were saved by the influx of visits from neighboring governments and states, along with other economic support and foreign investment that resuscitated the military regime at the time of crisis, around the early 90s.

### **Burma's Relationship with ASEAN**

The question is, given the latest problems coming from Yangon, there is speculation whether ASEAN can still maintain its unquestioned support to the regime. There have been a number of comments made recently within the ASEAN leadership circles that the regime has failed to meet the obligations of ASEAN as an association. Some of them have already ironically been made by former Prime Minister Mahathir, who actually brought Burma into ASEAN in 1997. He said, "Maybe it is not wrong to start thinking about taking Burma out of ASEAN," which was recently echoed by

some of the ASEAN elite. Some ASEAN experts have already put forward a kind of a roadmap that might be able to save Burma from the ongoing crisis.

These are the kinds of frameworks that Muthiah has elaborated well in his quite seminal book on legitimacy in Southeast Asia. With all these frameworks, I might come to a conclusion that there is a huge crisis on legitimacy in Burma. I would like to focus on the legal situation in Burma, because when you talk about legitimacy – I think Muthiah has also described the level of democracy – you can talk about the legitimacy of the government, the legitimacy of the regime, and maybe the legitimacy of the institution.

It is appropriate to talk about the legitimacy of the regime, perhaps even the legitimacy of the armed forces as an institution, because the latest crisis in Burma has not only highlighted the legitimacy of the government, but the legitimacy of the regime of the armed forces as an institution. It started out with the contestation of the shrinking resources in Burma, but it has stemmed from a much deeper level of crisis within the regime and within the army as an institution.

### **Military Government Undermines Military as Institution**

To summarize, I should borrow from Alfred Stepan, who said that when the military government became a government, the military as a government always undermines the military as an institution. This is exactly what happened in Burma because the military has intervened in politics, suppressed the democracy movement since 1988, and has been actively involved in governing the country and also managing its economic resources. The management of

government affairs and the active execution of government has eroded the military as an institution.

The military as an institution has always had to maintain a command structure. When you have a military that expanded to a government administration and became the government, it has somehow compromised the command structure, because when the military becomes the government, it has strong reasons to maintain political legitimacy, to maintain the regime's legitimacy, and the rent-seeking process. It's becoming part of the instrument used by the military as a government, to maintain the legitimacy, because you can't actually run the country without any segment that has some degree of support and allegiance to the government in power.

The military government started out as what's known as the State Law and Order Council in the early 90s, and used the rent-seeking process to win favor from some impartial segments of the society; they have used all kinds of rent-seeking devices such as what Tin has described – licenses, passports, export permits, exchange credits, all these instruments to win favor from some segments of society. They also have used the military as a kind of channel to distribute the rents. It's not surprising to find out that the government has favored a lot of construction projects these days.

### **Construction Projects Benefit Military**

As some of my economist colleagues have explained, these days construction drives the GDP growth in some ways. Construction projects have become a favorite economic activity for the regime. There's a slogan in Burma that when you see a river, you build a bridge. That shows the magnitude of how the construction projects have

been emphasized by the military government in the last ten years. But in a way, construction projects, which Transparency International and other watch dogs have emphasized, are the best recipe for making rents and devising the bribery schemes for high officials.

In Burma it's become quite problematic, because the military units are often awarded to do some construction projects. The military institution receives additional rents in the form of construction projects. The public military units used all these public funds to enrich themselves. And they asked some local villages to build their construction projects. That's where all the human rights and the forced labor situations have enormously increased during the time of relative peace in Burma. Although the ILO has come up with the most creative measures to help prevent abuses, some atrocious crimes occurred. These have increased during the last three or four years under the nose of the ILO monitoring unit in Yangon.

The whole phenomenon of rent-seeking, demilitarization, forced labor, and other kinds of human rights violations are so entrenched in the system that they beg the question whether any improvement in legitimacy can be done in a piecemeal manner. I will stop now and perhaps discuss further more policy-oriented and practical action-oriented questions during the discussion. Thank you.

**Steinberg:** Thank you, Mr. Zaw Oo. Before I open it to the floor, I'd just like to make a few comments. On construction, to me it seems that the military, because it does construction, something it can do, has used construction as a form of legitimacy. So it's legitimacy is through infrastructure, having claimed that they've done more than any other government since independence, or

maybe more than all governments combined since independence. Not only does it involve corvee labor, but it also means that they're printing money to do this.

A former minister told me that to build a bridge over the Irawwady costs about \$20 million. They charge some tolls on those bridges, very small tolls. He said, "Well, a bridge might last, what, a hundred years? It will take at least 300 years to get back the costs from the bridge, so it's completely uneconomical as an investment."

Another issue is the question of the voting, and certainly there's no question about how the votes turned out. Whether that was a vote for the NLD or a vote against the government, or both, or some combination thereof is something that we ought to consider, because the vote in 1990 which was, as you said, a fair election, U Nu got elected against the wishes of the military because people didn't want the military involved.

Let me turn to another issue which Charles mentioned in passing and is based upon a couple of days in Myitkyina that I had in August. This is a minority issue, and some said that people wanted to be left alone, and if you leave us alone, the central government is legitimate. I asked the question of a number of people – what kind of government is legitimate? Well, the part of it was what they answered before, but the other part of it was – and this went later to identity issues – "We want to be able to have our own language. We want to be able to have our own literature." "Well, how was your language taught?" "It was taught in the churches, it was taught after school, but not in the school system." So a legitimate government in the minority areas might well consider having a certain amount of instruction in the local language.

If you look at the writings on the Mon state party areas, you'll see that one of the big things that they're doing is having language instruction in the whole set of schools, and teaching Mon literature. So probably civil society development in the minority areas is in fact furthering the identity issue. I know that even many years ago, when I was in the Shan state, people surreptitiously would show me Shan textbooks from the Sipsong Bana area (in Yunnan), with great envy, because they didn't have those things in this state.

Here's another element in the legitimacy equation, if you will. I will throw this open to the whole group here, even those at the back benches there. You're not supposed to be sitting back there; you're supposed to be contributing to our discussion.

### Q&A

**Questioner:** I'm a writer and I'm a senior program associate at the Burma Fund. When we think about Burmese society, I think that the problem of legitimacy in Burma is beyond the political level. It goes into the social and cultural level.

At the cultural level, we have to deal with what I'd like to say is the alienation in each individual because we Burmese have a dual attitude. At one side, we respect the government and king traditionally. That is, we have to learn in the monastery. We are taught to obey because the king is very dangerous to you. On the other hand, we want in this modern era the public service from the government.

**Questioner:** This is a session about legitimacy and the whole week over at the Burma service center, too, we've been talking. And I wrote a little note to myself which is from T.S. Eliot: "I must go back to where

all the letters start, to the rag and bone shop at the heart." And of course, I also work at the Burma Fund, which helped the government itself. We have to go back to human rights, because how can the government be legitimate if it is not good to the people?

And now, we see from your survey that no one likes them anyway, no one thinks they perform well. The human rights watch report on child soldiers brought out that many of the army are not even regional commanders, I think. They are at lower levels, but they have their own kind of private farms in the barracks. But these are run by the conscripts, the young children essentially who are brought there and enslaved, picked up while their parents are not there and then used to grow vegetables and so on, which is their private income.

I don't agree that the corruption is not widespread, or it's a small thing, or a way of getting by. Yes, it's a way of getting by, but now it's all within the system and that needs to be addressed. What Zaw Oo said about legitimacy and then the crisis and the defining moment, he outlined very well the defining moments in our recent political and economic history. In my view, SPDC is in crisis; otherwise, why the big flap about sanctions? And now, this latest purge. It's part of the continuing purge which is always there, but it's cannibalizing the shrinking pie. So whether it erupts or not, nobody can tell, but it's certainly in crisis. It's an institution in crisis.

**Questioner:** First of all, I thought it was a very interesting panel, but my question is back to the question of legitimacy and tied a little bit to David's question: how do we really know what the 1990 vote was about? When I was listening to the three speakers, I became a little confused about what you were really talking about. Were you talking

about legitimacy; were you talking about control; were you talking about authority? I'm not sure if these things are all the same.

I think this conversation would benefit by a broader regional discussion, because if you look at these questions of authority and legitimacy, take South Asia for example, or you take Thailand or Sri Lanka – any country in the region – and there are various forms of legitimacy in legitimating authority. In the context of Burma, the question, as David asked, in 1990 was: do we know what the people were voting for? In a sense, it doesn't really matter if they were voting to legitimize the NLD or they were voting to de-legitimize the military. In essence, the vote in the end de-legitimized one force and legitimized another. And that's the starting point for any discussion about political legitimacy in the country now.

Much of the discussion that we heard this morning talked, to a degree, about control authority and how local people accommodated themselves to that authority. And I think that's very different than looking at the question of legitimacy. If there's a powerful regional commander in your area who is in a position to provide resources, schooling, stipends, salaries, you might accommodate yourself to that authority for a whole lot of personal reasons, but that does not equate itself with the question of you seeing that person as legitimate.

The second point is I'm always very skeptical of this – I call them Asian values, which is part of what the discussion was. Every country around the world, every local society, has a different way of legitimating authority. You can do it through temples, through churches, through landowners, and elections.

There are lots and lots of different ways of doing it. But there's no country in Asia that

has legitimated authority at the national level through elections that does not support democracy. In essence, what you are asking us to say is that in 1990 the country had elections; it has a different history than other countries, and it has a different way of legitimizing authorities than other countries. At the end of the day, they held elections; the people turned out and voted for or against en masse, in unison. It's impossible to go back in history and really get the answer. But in the end, they did legitimize their force. Many people in the country clearly accommodated themselves to authority.

My question for the panel is, really, are you talking about accommodation and control authority, or are you really talking about legitimacy, because no one here has really challenged the legitimacy of the opposition or, in fact, no one has even supported the claim that the military until today is the legitimate government. They might be the government in power; they might have absolute authority and absolute control. The question really is, what are we talking about?

**Steinberg:** First, a couple of things to ask the panel. One of the issues is how does the military view itself? Obviously, they view themselves as something different, not as part of the de-legitimization through the electoral process. The outside world, generally – except maybe for China, India, now Thailand – view that process somewhat differently. We tend to take the universal, if you will, acceptance of elections as legitimizing governments.

### **National Unity Is Critical Issue**

The question then is, internally, how does this work? The military said no, the real issue in legitimization – I'm not saying that

I subscribe to this understanding but I think it's a deeply held belief which is different from whether it's right – they, I think, believe national unity is the critical thing. That is really the legitimating function of government. No other force in the society can keep the country together. You may argue that yes, because you basically eliminated all other potential forces that could have kept it together except for the military.

The question of authority and power is different from, or somewhat related to legitimacy, but it is different. Certainly, as Muthiah Alagappa wrote, the more illegitimate the government is, the more coercive power has to be used to keep it going, and therefore, the cost of such governments go up, thereby probably lessening the ability of those governments to deliver the goods and services to the people. That is this performance function. That's a complex deal that other people in this panel probably have something to say on this.

**Tin Maung Maung Than:** Well, this is, as I see it, the conceptual befuddling that is there all the time. There are people who question the concept of ethnic conflict too recently; well, not quite recently, which is quite a debate. And there are people who question the concept of corporatism. In terms of legitimacy also, we can see that maybe it's a red herring. I'm sorry to say that, but that could be the case. You can look at it from a different light. Unless we have another lecture tomorrow, we won't know.

### **Definition of Legitimate Government**

If we use that simple definition of legitimate government through elections, what are we talking about in between elections? People says it's not a legitimate government, so what? I mean that's the question

that SPDC will ask, right? Because this government rules *de facto* and there's no way from their point of view that they could be removed. Practically, it's irrelevant to them. I'm just stretching a bit. Of course, they do mind it. .

If the authority is extended to all the corners of Burma, that's good for them in practical terms and in empirical terms. I can't give you a clear-cut answer to this problem, but the question is: what are we talking about? Since the 1990 elections – that's the benchmark – to now, 2004, would the kind of various markers of legitimacy be applied to that to say that it has gone down, gone up?

That may be a valid research question that we really can't answer. It could vary widely with anecdotal evidence. You might say that it is not worse than 1990; that's the only way I can say it. But of course, short of a real poll, we cannot really determine it. But what I'm trying to emphasize is that we pontificate on legitimacy in theoretical terms, but on the ground, I'm not sure that the kind of legitimacy we are talking about is relevant. That's the point.

**Kyaw Yin Hlaing:** Is it an Asian values argument. That's the last argument I would want to make. When I talked about legitimacy, I was not talking about accommodating authorities. It is difficult to translate the term, legitimacy, into Burmese. When I interviewed people, I had to phrase the questions in the language they would understand. I paid attention to values and norms in my research, but I did not buy the Asian values argument.

**Zaw Oo:** Sorry if I didn't make myself very clear to you when it comes to the question on legitimacy, but when I stated the 1990 election was the beginning of a historical

period, I have no doubt that the final moment actually decided what is legitimate and what is not (for this conference). My curiosity actually is about the process of legitimating the illegitimate and I'm trying to use my analysis to give a little score of whether the military regime is and whether the legitimization process of the illegitimate is succeeding or not. When I use Muthiah's methods to analyze the legitimization process, I came up with the conclusion that the current military regime is not succeeding in legitimating the illegitimate authorities.

What is still very important, at the very last resort, comes back to the very original assertion of the military as a legitimate institution to rule the country. This added dimension is quite relevant to our Burmese context, so I'm offering my recent analysis. I have just come up with a policy brief for which I have copies in front of the hall.

### **Military as a Problematic Institution**

Our observation about the military as a problematic institution became very pronounced when the military actually entered into the business of running the government. The military regime is even losing the sole institution that can maintain its authority. This is a time of crisis, because if you look around and if you look at the terms of engagement which the Asian governments are willing to engage in with the current military regime, they believe that the military is a strong institution which can hold the country together.

In a way, that presumption, or the basis of engagement, is now collapsing because the military is not in the state of a coherent and united institution. There is even additional doubt within the region. This is where the state of the legitimization process is coming to be a big problem. If you combine this

with the everyday formal resistance, it's happening everyday in Burma. With this combination of the crisis of legitimacy, the problematic legitimization process and everyday formal resistance from below, it's going to have a huge impact on the current state of affairs in Burma.

**Steinberg:** I think whether the military is losing legitimacy may be accurate, but how are they trying to get legitimacy, not only through national unity, but to use a number of actions and organizational structures to try and do this? How effective this is, of course, I don't know. But clearly, the use of Buddhism is one way. You cannot read the *New Light of Myanmar* without everyday seeing some military figure paying obsequence to the monks, doing something with sangha, ensuring that in the public's eye, they are equated with the primordial force in that culture, which is Buddhism. U Nu used Buddhism as well to get legitimacy, but the military has been assiduously trying that. How effective this is, again, I don't know.

### **Military Re-writing History**

The military has also been re-writing history to show that its (the military's) past is so important to the history of the country through the independence movement and so forth, that they legitimately inherit this mantle from an earlier period. They have also been concerned, as you know, about the unity of the military. I agree that that has been a problem. And the worst crime in the country is trying to split the military.

And that's what Suu Kyi was accused of in the very beginning. That there are tensions within the military is not only apparent from the present problems that we've had in the past few days, but it's been apparent from the very beginning, because you see shifts in policy, where first you allow re-

porters in, then they keep reporters out, and then they switch around. These things indicate that there is some tension within the military leadership, although I have been told that they need each other so much that these differences are over. But now these differences have not papered this new crisis that the military faces.

The other issue, it seems to me, is that the military has created itself as the legitimating force of the government. If U Nu used Buddhism, I think the military has tried, maybe not effectively, but has established itself as the primal force in the society and, therefore, legitimacy is equated with the military itself. That is a very questionable thing to do and it is questionable whether it will succeed. Does anybody have views on this?

### **Khin Nyunt's Downfall Rationalized**

**Tin Maung Maung Than:** Going back to the recent case, it may be read differently. Of course, we won't know the consequences, but one thing that comes to mind – I am not there of course, but indirectly – a lot of people do not shed tears over Khin Nyunt's downfall, especially the urban masses, the silent majority, because they – what do I say, hatred is not the right word – their disdain for the military intelligence is there. “Good riddance,” a lot of people say. Grand children were purged. Good riddance. I am trying to be objective in that sense. You see, people tend to see things anecdotally in the countryside. No, they believe they are different guys, that the military is now a different guy.

Another thing is that they probably anticipated this would happen some way or the other. This is cutting off the guys before it becomes too big a problem, where there could be bloodshed. That's how I see it. So

when the other guys feel very bad about it, let us do it now rather than later, when you have to take a bigger cut, to cut off the arm and leg rather than a part of it. But the thing is that this will not severely diminish the – let us use this – social capital of the *tatmadaw* leaders within the *tatmadaw*. This is a military issue and a kind of self-legitimization, a re-writing of history. We are all intellectuals, but the people on the ground, including some of my relatives, they believe it. And they say, “What a great job,” because it was not affecting them anyway, in a negative way. They were very proud.

Skeptical people do exist, but most of them are educated, most of them are from the elite and all those who have independent means. But the thing is, most of the people who were born in 1988 again feel neither here nor there – the students who are now in high school. Their main aim is to make money. They're just like the Chinese kids – they want to get rich somehow, to take shortcuts in other ways. There's a kind of shift.

Supposing the seven point plan is carried out, which they said they would. Supposing somewhere down the line, there would be a referendum. If this thought or line of reasoning is correct, in that referendum, you would expect a “No,” right? But the accommodation side would say “Yes,” because authority-wise, they will have to accommodate and it will be “Yes.” The referendum will carry despite all the so-called misgivings.

I think this is very difficult intellectually, conceptually, given the realities on the ground.

**Questioner:** It is tempting to see the Khin Nyunt purge simply as a raw struggle for power for control of military intelligence, but is it possible that it is a move on the part

of the hunter to somehow diminish the role of Khin Nyunt's organization and the intelligence apparatus? In Burmese society, was it an attempt somehow to increase the legitimacy of the larger government itself? Is it possible to say it that way?

**Steinberg:** Several things. We will all comment on this, I'm sure. One is, to go back to 1962, General Ne Win got rid of General Tin Oo because General Tin Oo was becoming too powerful. He was in charge of military intelligence at the time.

The result was because loyalty is so personal, rather than institutional in the country, so there was an extensive purge of everybody who was involved with Tin Oo, which meant that military intelligence was decimated. And thereby you got the North Korean attempted assassination of Chun-doo Hwan, the South Korea president, when he came to the Aung San mausoleum; 17 members of the South Korean cabinet and officials were killed, and three Burmese, as I recall.

The question that has been raised in sort of private discussions is whether Maung Aye, the number two, who was a rival of Khin Nyunt – according to all the rumor mills in Yangon – had actually been concerned about the increased role of General Than Shwe and thus whether General Than Shwe may have been trying to eliminate this dual threat and thereby weaken any opposition to him. This would be very natural in terms of the Burmese Buddhist political culture. But other people have different views.

### **Regime Uses Military As a Legitimizing Approach**

**Zaw Oo:** I agree with David when he said the regime uses the military as a legitimizing approach. It becomes a dicey thing.

I think the latest crisis in fact highlighted how dicey it was, and then also I think the rationale (citing health reasons) used by the newcomers on the purge of Khin Nyunt is becoming very problematic, even for the military itself. Of course, he seems to be the fittest person in the junta. He is 65 and the two generals, the top general in the country, is about 72 and he seems to be suffering with illnesses lately.

General Maung Aye, the second guy, is about 67 years old and he is suffering from some sort of a prostate problem, and people are speculating about the prostate cancer for which he got treatment in Singapore. When the military started to use that idea to legitimate that kind of purge, it becomes quite problematic for the rank and file.

Just two days ago, General Shwe Man and the new foreign minister, Major General Nyan Win, categorically used corruption as a reason to remove Khin Nyunt. Surely it goes down to the rank and file as a very problematic issue, because everybody knows the military is somehow involved in all kinds of corruption.

If you look at all these personalities and who controls which kind of resources, Khin Nyunt seems to be the guy who actually controls the least among the resources under his control. He is a guy who chairs all the less lucrative committees like the National Education Committee, National Women Affairs Committee, and National Literacy Committee, soft groups which do not really control any resources. Then you compare this with the top generals, like General Than Shwe, who is the chairman of the special projects committee, which in a way oversees all the mega-projects of construction, oil and gas exploration, and all kinds of projects with the neighboring countries, ranging from the hydro-electric

generation facilities to the bridge building inside the country.

### **Purge of Khin Nyunt on Corruption Charges Problematic for Burma**

General Maung Aye, by the way, is chairman of the National Trade Council. He controls all the licenses and permits, so I think these are quite well known within the army and within the country. Where the military is using corruption as a basis of removing Khin Nyunt, it becomes hugely problematic for the rest of the country. Yesterday we heard an official announcement that the National Intelligence Bureau (NIB) has been dissolved, which is a kind of inter-departmental kind of committee that oversees all kinds of intelligence operations, covering about 45 ministries.

It's a huge undertaking which will deprive maybe at least thousands of intelligence officers and all the officers who are involved in clandestine activities within Burma. That provided a huge shock to the military, which I doubt it can resolve quite nicely.

**Tin Maung Maung Than:** Two things on NIB. NIB basically was formed under the socialist era. The first guy was Colonel Bo Ni who left because of corruption. NIB is a coordination body. It doesn't have its own units, and is coordinated at the prime minister's office on all aspects of its intelligence functions. It's a national intelligence council type of organization. And the prime minister is supposed to be the chair, because knowledge is power. That's why I think that was dissolved, because it could be a very powerful instrument that could be used for blackmail.

Another thing is the military's method to remove Khin Nyunt. They used three terms,

which may not be exact: insubordination, corruption, and not carrying out duties properly, or something like that. Insubordination is the biggest issue. I think that's the main reason, in a sense.

Use of military as a legitimating factor. When you look at all the speeches given by generals in the last ten or fifteen years, they sometimes directly, sometimes indirectly, refer to the current period as the fifth union. The first one was the unification of Anawrahta. Back in those days, I didn't see that much after 1997, but when you look through their old speeches, especially the ones given by Saw Maung used quite frequently, they refer to this as the fifth union.

Back to the current situation, they keep talking about corruption. They didn't say that Khin Nyunt was corrupt. He was held accountable for corruption among his subordinates.

**Questioner:** I have a question for Zaw Oo. It seems to me that the government is trying really hard to legitimize itself by two different processes, like modernization and economic growth. But they are contradicting themselves in a way that they are encouraging these rent seeking activities. I guess it will come to a point where transaction costs are too high at peoples' expense. So with these factors, combined with corruption and lack of any form of freedom in the country, to me it seems like it will have a big impact on economic growth through productivity, and ultimately over human growth. Would you agree if I say their legitimacy is too short-lived to be dependable?

**Zaw Oo:** Can you rephrase the last question?

**Questioner:** To me, their roadmap to legitimacy is too short-lived to be dependable. It

doesn't seem very credible at all if you are focusing on long-term economic growth or development. Would you say it's dependable at all, or do you think it's credible that way?

### **Consequences of Rent Seeking Process**

**Zaw Oo:** I think you hit a very important aspect of the consequences of the rent seeking process, which has increased the transaction costs and undermined the economic development project, which is part of the performance aspect of legitimating the process. On the other hand, it also has a very debilitating effect on institutions.

One of the defects is that many of the people who have been given authority to manage this rent seeking process become very short-term oriented because they don't really see a kind of a long-term pay-off structure. They focus more on the short-term activities that would generate sufficient rents for themselves so they can just make themselves rich in a very short period of time. Their hiring is apparently short-lived with all these institutional affects coming from the military being involved in the government. Then the military is being eroded as an institution because of the problem Tin has stated about the border supervisory control mechanisms.

It happened because many of the groups in the border were collecting all kinds of fees according to the authority which they were given, like customs officers and immigration officials getting bribes, the local LORCs were also imposing fines and fees, and other officers were collecting fines. And now they try to rationalize the process or try to manage the process while appointing the military intelligence as a kind of supervisory body to coordinate the collection process, which is now getting out of

control because those military units are becoming greedy and will take over any other institution to take all the bribes for themselves.

That was the kind of dynamic process which got out of control and which started to undermine the military as an institution. I think it's not going to be surprising if you see a more uncoordinated, more destructive form of rent seeking process coming to Burma, because there's a huge uncertainty and apparently the time horizons of all the leaders are very limited and very short-lived.

**Steinberg:** It sounds like the functioning of the intelligence officers in the military is very much like the Chinese Communist party cadre in the Chinese military, where there is a distinct difference in the command structure.

On the present situation, related to legitimacy and foreign perceptions of legitimacy, Khin Nyunt had two or three different attributes that were perhaps important. One, he had more knowledge of the outside world than any other member of the SPDC. Two, he had more contact with foreigners. And three, he had more unfiltered information, so he had more information about what foreigners thought about the processes internally in the country than any other person. I'm not calling him a democrat or a liberal. That perhaps might have been important. Now, whether Than Shwe or others who are influential in that society, in the new configuration, will be able to at least consider how foreigners view the legitimacy issue in the same manner as Khin Nyunt, is in question. Then why did Khin Nyunt meet with people like me? He didn't have to, but he wanted information about how external people thought about the society and what was going on in the country. Will the others

do that? That's an interesting question and I don't have the answer, but it's something that we should be thinking about.

**Tin Maung Maung Than:** You are asking about the carrying capacity of the economy? If it will break under its own weight of rent seeking? The question is, is Burma a very small economy? Last year, the fiscal year from April to March 2003/2004, exports were only \$2.4 billion. \$2.4 billion in exports for a country of 52 million people; imports were only \$1.9 billion. There was a surplus. They have had a surplus for the last two or three years because they severely restricted imports, which had a cascading effect of cost on industry. But nevertheless, that kind of economy, which is a very small economy, has food security.

Another thing is, what are the exports? Forty percent on natural gas, plus minerals. Minerals are small, just peanuts. Natural gas is maybe 39%. And it is going to increase by 100% when they sell to the Indians, provided it comes about. Of course, you'll never know, but they are banking on it.

And 16% of agriculture products includes beans and rice. You have another 15% from timber and forest which has reached saturation. As far as I know, timber has reached saturation, but the agricultural products of course can go up depending on how the market is being managed. Mineral products and natural gas will probably go up in five years' time, by the year 2008. Textile and garments, at 14%, will go down, but once the multifibre agreements go, it also goes. Marine products, at 7%, have the potential for doubling sometime in the future. And precious and semi-precious stones, forget it.

## **Economic Breaking Point**

What I'm trying to say is that the exports of the so-called \$2.4 billion will probably become \$3 billion in the year 2008 and imports will be something like that. It's a very small amount, but so far, it is at least running the economy in a very low-key sense. The question of a breaking point is if we are aiming high and there's a big push, it is faster, then there will be a breaking point that will come faster. If we are smart or stupid, it can be both ways, to carry on this muddling through. It can last a bit longer, but if the rice crop goes for twice the price two years in a row – the rice price is now something like 12 thousand kyats for one bag of rice, which is one and a half baskets; I don't know how many pounds or kilos. Anyway, it is enough for a three-person family for a month.

The income should be something more than that – 12 thousand kyats a month. The problem is that for most people, if you are working as an artisan, incomes are more than that – 20 thousand kyats, or something like that. I heard that even football coaches are going to be paid 100 kyats. There are ways and means of doing it – printing money, all these things. But we really don't know where the breaking point is. It hasn't come. I hope it won't happen for the sake of the people of Burma, too, but it's very difficult. People are saying that the Chinese economy could not have this kind of growth since '79; it's still going. Of course, people say the figures are fudged and accounting isn't accurate, but we don't know.

## **Contact with Suu Kyi and Ethnic Nationality Groups Are Important Non-Military Factors**

**Steinberg:** Just a very quick comment. One, I think equally important to Khin

Nyunt's contacts with the west were his contacts with Aung San Suu Kyi and his contacts with the ethnic nationality groups. And this needs to be taken in context with the national convention, where the ethnic nationality groups posed a challenge to the convention process, and where all sorts of things were excluded. So if you are looking at this, it strikes me that those two factors, in essence, are two of the most – if not the most – important non-military factors in the country, more so than the external contacts that Khin Nyunt might have had.

The second point about it is just to build on what Zaw Oo had said. Part of this legitimizing process – Zaw Oo talks about the military legitimizing itself through various means – it's also equally true that its legitimacy rests on de-legitimizing the opposition National League for Democracy and you can't look at those in isolation.

**Questioner:** I'd like to go back to a questioner's first point about a half hour or so ago, where he talked about how this discussion might have been better served by looking at the region more broadly. When you look at the 1990 election, it was probably the freest and fairest vote there might have been in Asia ever.

I'm not talking about the campaigning leading up the election – that certainly was not the case. There were all kinds of restrictions on the NLD and all the opposition. But when the vote was finally tallied, you had the government grossly miscalculating. They thought that they would win; they only won 10 seats out of 480-something, and there was no final arbiter. If that had happened in Thailand, let's say, you would have at least had a king. During times of crisis, people from disputing parties would go to the king and would literally crawl on the carpet. That doesn't exist in Burma. In

other countries, look at the Philippines and Indonesia during times of crisis, you at least had factions within the military that ruled when people came out in the streets in the Philippines in '86 and in '98 with Suharto.

Getting back to the panel's discussion about the SPDC as a legitimating force; it's really become synonymous: to criticize the military is to criticize the states. This is something that I think is very undesirable and not good for the country's political development. So I really don't have a question, but I think to look at it more broadly would be important. Hopefully, institutions would be created to resolve such a crisis in the future.

**Questioner:** You used some words earlier in the discussion like the price of legitimacy or its breaking point, yet I don't really see recent events leading to any change. I'm wondering if this dramatic event of the removal of the prime minister will have a fundamental change in a military and cultural structure that hasn't really changed things very much. What could make a change? To follow on that, earlier you mentioned that you felt the younger generation was much like China was; it had a different type of education and had some different priorities. Do you think that their different interests could change the issue of legitimacy in Burma?

**Kyaw Yin Hlaing:** I'll deal with your last question first – the concept of legitimacy. But at the present moment, what most people are thinking about is survival, not the legitimacy issue. When I was in college in the '80s and also in the 1990s, when I was doing my research, students liked to talk about politics. These days, you rarely find any young people who show some interest in politics. That's one thing.

The breaking point – here again, I used to be cautiously optimistic. When I gave my very first presentation in this room which was in 2002, I was cautiously optimistic, while most people were very pessimistic. At this point, I really don't want to think about the breaking point that much anymore because we keep waiting for it and it hasn't come yet. One thing is when we started hearing about this national convention, I didn't expect much out of it, but at the same time, if people ask me whether I would want to be a part of it, I may say yes. One thing is, I don't think Burma will become a democratic country overnight. But I, for one, think that we should try to get a larger political space. As we all know, we now have only very limited freedom. We cannot express our unhappiness or our opinions freely. If the government gave us more freedom, I would take it. The opposition should be prepared to compromise on anything but the right to political opposition.

I don't want to wait for the breakpoint. I really want this national convention to come up with something that will give us more political freedom.

**Zaw Oo:** I think it may be a bit dangerous to draw any conclusions from the legitimacy question, and to not mention whether the military regime is going to endure or collapse because of a low or high level of legitimacy, which can apply to any government. The question of legitimacy is whether it's sufficient enough to support the endurance of the regime, but if I may speculate, I'd like to go back to what David has pointed out about what happened in the 1980s. In fact, I also found the similar phenomenon in the '60s and '70s, which I call the poly-cycles, the poly-cycle or strongman within the military.

## Role of Military Strongman

What happens is whenever the military has a strongman, he will use the military intelligence to gather off all the power rivals, particularly from the combat divisions. And then, in that process, he accidentally and knowingly promotes military intelligence to the head the power. So the military intelligence became very powerful.

That cycle at least happened twice in Burma in the '60s or '70s. But one interesting phenomenon out of that cycle is when the military intelligence has purged its leader, they have purged the whole institution. The direct consequence of that purge can become quite evident in the day-to-day actions of the political movement and the activists, and I think it's not a simple coincidence.

The purge of military intelligence in the '80s was followed by the attack and followed by other erratic policy decision making by General Ne Win in his final days, followed finally by the popular uprisings in 1988. If you go along these phenomena, which we have already experienced twice in Burma, I can envision that kind of scenario again in Burma. That's one clue about the breaking point.

The second which, in the context of Burma, especially when it comes to economical projects and growth, also very much depends on the amount of regional support that the current military regime is giving. The current crisis caused a huge shock within the regional governments, which are now recalculating and reconsidering all their perceptions and all their attitudes towards the current military regime. That aspect, the withdrawal or maybe even the stopping of the support given by the regional governments to the current military re-

gime can be a very debilitating factor and it can accelerate toward the breaking point.

**Steinberg:** That's very interesting. And now I have a different possible, supplementary explanation, and this is an incident in an authoritarian highly hierarchical society. It's almost inevitable that some low-level guy does something egregiously stupid to please his superiors and the result becomes then a crisis of the regime.

You had that in Sygman Rhee, when some minor police officer kills a student, throws his body into the bay in Masan; you had a student revolution and Sygman Rhee is overthrown. We almost had it in 1988 when 41 people suffocated in that van when Ne Win was out of the country and when he came back, a man I know was at the meeting. Ne Win was shaking. He was so angry at this because it's the kind of stupidity that can destroy regimes. And it's likely that some incident at some time will do that.

One other thing, when I testified before the House of Representatives' Asian-Pacific Subcommittee in March about the sanctions, Congressman Rohrbacher, who is probably the most conservative person in the House, I think, said "Why doesn't the military just get rid of these guys?" I said "Well, Aung San Suu Kyi doesn't believe in violence. That's what keeps the NLD alive, of course." And he dismissed that completely.

We also now have a few questions in addition to previous ones that I discussed with people – the two factors: the ceasefires and the minority issues of the national convention. Very clearly, what to do about this has split this convention in the expatriate Burmese community. Should you participate as the last chance to influence policy, or not? And some say, "Yes, this is the last chance,

so we better be involved." Others say no. "No, you're a traitor to the cause, the pure cause of reinstating the May 1990 election results. But the present situation has, of course, fudged that issue and made it dubious at best. And so there is a problem in the expatriate community as well.

**Questioner:** Question to Kyaw Yin Hlaing and Tin Maung Maung Than. Some people say that the national convention cannot go anywhere, so I would like to have your opinions whether the national conference can produce some results. If a constitution is to be adopted – this is the second question – and if it goes to a referendum, do you think it will be approved? I would like to have your opinion because there will be some controversy or maybe debate in the near future.

**Kyaw Yin Hlaing:** Well, I wish I knew. To be honest, I don't know the answer, but I would just guess that the junta will make sure that something really comes out of this. But that something might not be the one we all want.

I think that regardless of whatever happens, there will be enough people at the national convention. I don't think all ethnic groups might boycott. Even if some did, I don't think it would have a significant impact on the national convention.

**Tin Maung Maung Than:** I tend to agree with that. Basically, the national convention, the ethnic groups, the ceasefire groups, will be quite a block vote, if I may. But there is no voting in the first place. Basically, what do they want, what do their so-called leaders want? For them, the stake is if the SPDC is going to give them their own states or whatever on a platter, they'll take it. And you have a state assembly, so your subordinate will be the state assemblymen.

## **Ethnic Groups Want to Elevate Status of Territory to a State**

What they were asking for, what I heard, whether true or not – when they supposedly ganged up and gave the petition, the petition is not a demand – they want to enlarge the territory only. They want to elevate the status of territory from a zone to a state. That's all they want because they want more resources. They're not asking for even self-rule. Well, the tricky part is the demobilization of the armed forces. I don't know how they will do it

Somehow they have to do that. I don't know whether the way they do it in Cambodia – of course, giving the ex-soldiers one sewing machine and one thousand Riels each may work, or it may not work. Okay, you take it or leave it. They will take it.

There will be a referendum. What will happen in the referendum? What happened in our referendum in 1973? They didn't cheat and got 98%. Why? Because we're tired. Something is better than nothing. If we don't go again, they will have another. We might as well end the process right there and then.

## **Seven Point Plan Process May Not Give Expected Results**

If there is a referendum, it will carry not 98%, but maybe 60%. So what? We will get some form of so-called presidential rule, right? That's how I see it. Nobody knows, of course. In politics you can never say never. I'm not supposed to say that. It is not working in that sense. For practical purposes, regarding the seven point plan process, it's not giving the results that we wish for. That's the problem, that's the heartache that you guys have. I don't think there's any answer on that. That's why they don't re-

lease her in the first place, because then you have to re-arrest her again.

**Questioner:** I'm a student of the Southeast Asia program here in SAIS. Several non-democratic regimes in Asia sustain themselves beyond coercion to some degree through economic liberalization, etc. Part of that certainly comes from greater mobility, as well as keeping the economic elites in line, etc. My question in Burma is, to what degree is some growth of the private sector and some economic liberalization, to what degree is that contributing to a small amount of social mobilization or economic mobility?

And also, in terms of the elite, I certainly understand how they are being kept in line by having all of these benefits, etc. But is there also a part of that where they would see greater openness to the outside world as there's going to be a lot of more economic benefits if they open up, in which case they would be more amenable to looking at an alternative path?

**Zaw Oo:** If I may try the question, I think it would have been some semblance of gradual change like what you might have seen in China or maybe perhaps in Vietnam, that economic liberalization helped the incumbent regime to sustain some sort of performance legitimacy. So I think actually the Burmese socialist regime did try that in 1988. When I compare Burma and Vietnam, you'll see both regimes began to liberalize the economy around the late 80s. Vietnam started and Burma also opened up the country. They called it an open door policy. But sixteen years later, Vietnam did succeed in what it did and it transformed the economy from a rice-importing, consuming economy into the world's third largest rice exporter. If you look at other manufacturing and industrial development, I think Viet-

nam has huge potential. It's catching up with China quite impressively.

### **End of Reform Process in Burma**

But the reform process in Burma became partial and aborted like the way it happened in Russia, because the regime in Burma did not face similar kinds of constraints. The Vietnamese and Chinese leadership were being constrained because Burma has rich natural resources, so the leaders of the military regime can afford not to reform the economy because they can always survive by selling off all the natural resources. This is a typical resource curse coming to Burma that's aborted and stopped all the liberalization efforts in the mid-90s.

Until then, what we have seen is rampant corruption and rent seeking activities that combined with rich natural resources; this policy framework has become the best recipe for a rent seeking economy. The richness of the natural resources, policy framework and the rent seeking society – that really killed the whole economy reform agenda. I don't think at this point the junta is quite ready to liberalize the economy.

They did try in early 2003 when they announced they were going to liberalize the rice export sector, but it didn't take months; they reversed the order and then they said forget it. All the contracts that they have signed with African and Singaporean middlemen were just canceled. What they did was to go back to the idea of still suppressing the country's main economic sector, which is the rice sector. That's the way it is. The government liberalized a little bit about the purchasing price, but they are still non-price controlled at the farm level. In the domestic level, there are so many disruptions that there's no permission for any rice trader to trade rice from one area to another.

In the export sector, I think the government controls the monopoly. So what they did was to suppress the rice sector so that they can have very cheap rice prices that can compensate the rest of the population in the other sectors, because that was the population that rose up against the socialist government in 1988. This policy is actively practiced because of the political considerations.

### **Burmese Government Cared Little About International Legitimacy**

**Kyaw Yin Hlaing:** I have a slightly different position on this issue. I think the difference between the Vietnamese communist government and the Burmese military government is that the Burmese military government did not have international legitimacy. That is important. Not that the Burmese military government didn't want to reform or liberalize the economy. I do think that it wanted to. It did try, but because of the lack of international legitimacy, little Western investment and no foreign aid, it has not done well. That is what made these two countries different. They were not that different in terms of development at the very beginning. The Vietnamese government is as incompetent and corrupt as the Burmese military government.

I've been trying to study the political economy of Vietnam, especially the political economy of rice in Vietnam. Many of my Vietnamese students in Singapore who are government officials complained about the corruption among Vietnamese government officials. But in Vietnam, there is no legal opposition. The Burmese military government has it: the NLD. As a consequence, there are Western economic sanctions on Burma, but none on Vietnam. When you look at a Burmese bureaucrat and a Vietnamese bureaucrat in the early 1990s, they

are more similar. They are not that competent, but the private sector in Vietnam grew over time because of private business enterprises that could not work with their foreign counterparts freely. In Vietnam, foreign investments kept coming in and they also received a lot of assistance from EU and Western countries, especially the World Bank and IMF. The Burmese military government received nothing. In the long run that makes a lot of things different in the two countries. That's my take on this issue.

**Steinberg:** Let me close by making a couple of comments. On direct foreign investment into Burma, it is failing not only because it has been sanctioned, it's because of the abrupt change of policies, the unpredictability or lack of continuity – that means that investors will go elsewhere because you can't trust the system, even though the investment law was very liberal.

### **Military Has Enormous Influence on Burmese Society**

Two other things: if we look at the future economy of the country, I think two things in my mind stand up. One, that even if there were a completely civilian government tomorrow, the military control over that economy would be profound, because of the Myanmar Economic Holding Corporation and the Myanmar Economic Corporation, which are not part of the public sector. They are considered part of the private sector but, of course, they are completely military-controlled and they will have an enormous influence on that society, let alone the influence of military leaders in their personal positions in this society.

And last, if we look at the future, the middle class is likely to be composed of basically two groups. One is the higher level

military or retired military, and the second is the Chinese community. The Chinese community has access to capital and international contacts, and capital that is lacking for the private Burmese firms and entrepreneurs because most of the banking money goes to state economic enterprises or to joint ventures. So I think that this is something to keep in mind because this could be very dangerous for the society, in terms of ethnic relations in the future.

I want to thank you all for spending three hours in an intense conversation. I want to thank the Sasakawa Peace Foundation USA, and I have to mention here that Fred Brown is wearing his Burma Rifles tie, courtesy – in the old days at least – of Brooks Brothers. I know that since I have one of my own. Thank you all.

[End]

## About the Panelists

### Panelists

**Dr. Kyaw Yin Hlaing** is Assistant Professor of Politics at the National University of Singapore. Currently, he is conducting research on “State-Sangha Relations in SPDC’s Myanmar,” and “Civil Society and Social Capital in Post-Colonial Myanmar.” His area of specialization is mainland Southeast Asia. A native of Myanmar, he received a B.A. from the University of Mandalay and an M.A. and Ph.D. from Cornell University. He is completing research for a book on Myanmar’s post-socialist political economy.

**Dr. Tin Maung Maung Than** is a Senior Fellow at the Institute of Southeast Asian Studies (ISEAS), Singapore. His research interests cover Myanmar politics and economics, as well as political culture, democratization, civil-military relations and nuclear proliferation. He is a member of the International Institute for Strategic Studies (London) and the Association for Asian Studies (USA), and is also the associate editor of the ISEAS journal *Contemporary Southeast Asia* and the series editor of *ISEAS Working Papers*. He has contributed more than seventy articles in newsletters, newspapers, journals and edited volumes, including “Myanmar and China: A Special Relationship?” in *Southeast Asian Affairs 2003* and “Cambodia: Strongman, Terrible Man, Invisible Man, and Politics of Power Sharing,” in *Southeast Asian Affairs 2004*. He received an M.Sc. from the University of Yangon and a Ph.D. from the University of London.

**Mr. Zaw Oo** is Director of Policy and Research Programs at the Burma Fund, a Washington-based think tank dedicated to capacity building and knowledge sharing to promote durable democracy in Burma. He is also Hurst Fellow at the School of International Service, American University. He holds an M.I.A. from Columbia University and an M.A. from American University. He has written numerous books and articles on Burma, including *Economic Development of Burma: A Vision and A Strategy* (2000), which he wrote together with a group of prominent Burmese economists.

### Moderator

**Professor David I. Steinberg** is Distinguished Professor and Director of Asian Studies at the School of Foreign Service, Georgetown University, where he was also previously Distinguished Professor of Korean studies. He has served as president of the Mansfield Center for Pacific Studies, as a representative of the The Asia Foundation, and as director of technical assistance for Asia and the Middle East at USAID. He was educated at Dartmouth College, Lingnan University (China), Harvard University, and the University of London. Professor Steinberg is the author of *Burma: The State of Myanmar* (2001), ten other books and monographs and over 85 articles.