

## Post-1988 civil-military relations in Myanmar

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This paper explores the development of civil–military relations in Myanmar since 1988. After the Tatmadaw (Myanmar Armed Forces) took over the state by means of a coup d'état in 1988, the top generals ruled the country without recourse to significant formal political institutions such as a constitution, elections and parliament. A unique authoritarian regime, where political power was predominantly under the military's influence, lasted for more than 20 years in the country. It seemed to many observers that the military regime was highly durable and that its dictator, General Than Shwe, had no intention of altering the highly repressive character of the political system. However, a new leader, President Thein Sein, who came to power in March 2011, has decided to implement some political and economic reforms that could undermine the Tatmadaw's dominant role in politics and the economy. This paper examines the background to this sudden political change in Myanmar, focusing on the relationship between its dictator, the military and the state. This paper's main argument is that Than Shwe has carefully prepared the transition of 2011 as a generational change in the Tatmadaw and in state leadership. The argument is also made that the challenges created by Thein Sein can be understood as a result of his redefinition of national security and balancing of security-centralism with state-led developmentalism.

**Keywords:** Myanmar, Burma, Civil-Military Relations, Military Regime, Than Shwe, Thein Sein

**JEL classification:**

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# Post-1988 Civil-Military Relations in Myanmar<sup>\*</sup>

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January 10, 2013

## Abstract

This paper explores the development of civil–military relations in Myanmar since 1988. After the Tatmadaw (Myanmar Armed Forces) took over the state by means of a coup d'état in 1988, the top generals ruled the country without recourse to significant formal political institutions such as a constitution, elections and parliament. A unique authoritarian regime, where political power was predominantly under the military's influence, lasted for more than 20 years in the country. It seemed to many observers that the military regime was highly durable and that its dictator, General Than Shwe, had no intention of altering the highly repressive character of the political system. However, a new leader, President Thein Sein, who came to power in March 2011, has decided to implement some political and economic reforms that could undermine the Tatmadaw's dominant role in politics and the economy. This paper examines the background to this sudden political change in Myanmar, focusing on the relationship between its dictator, the military and the state. This paper's main argument is that Than Shwe has carefully prepared the transition of 2011 as a generational change in the Tatmadaw and in state leadership. The argument is also made that the challenges created by Thein Sein can be understood as a result of his redefinition of national security and balancing of security-centralism with state-led developmentalism.

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<sup>\*</sup> Some parts of this paper are based on the following book chapter. Yoshihiro Nakanishi “Kokugun: Seitosei Naki Tochi no Yataibone” (Military: The Backbone of Illegitimate Rule in Myanmar) in Toshihiro Kudo ed. *Myanma Gunji Seiken no Yukue (Wither Myanmar Military Regime)*, (Institute of Developing Economies, 2012) (in Japanese). I would like to thank Toshihiro Kudo for valuable comments and suggestions.

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## *1 Introduction*

The Tatmadaw (Myanmar Armed Forces), currently boasting a force of about 400,000 (Army: 375,000; Navy: 16,000; Air Force: 15,000), is an organization established to provide national security and secure the political backbone that has consistently supported the political regime since 1962. Since independence, the Tatmadaw's major military activities have been counterinsurgency operations against communist and ethnic minority rebels. Its political goal has been a unified state free of armed struggle, regardless of the tactics and strategies it has pursued. The political role of the Tatmadaw has remained largely unchanged: to support Myanmar's authoritarian regime.

Since 1988, Myanmar has experienced great changes in its politics, economy, society, and culture. Economic development has progressed through a transition to a market-oriented economy. Shops abound with goods compared with the past, and electric appliances such as televisions, air conditioners, and personal computers have become widespread. Automobiles and motorbikes are no longer rare even in the countryside, and Yangon and Mandalay boast luxury hotels. Exchanges with other countries have increased, and Myanmar students and workers abroad now number several million. Controls on newspapers, television, periodicals, and other mass media were not relaxed until 2011; nonetheless, the media are much more diverse at present than in the socialist era. Urban residents can now easily access the Internet. The development of the media has provided greater means for gaining general information about Myanmar. However, information about civil–military relations still remains limited; to a considerable extent we are forced to rely on hearsay and guesswork for analysis. What we can do, though, is stand back and try to understand Myanmar's civil–military relations after 1988 from a broader perspective.

What has changed politically since 1988? To see the changes, we need to look back at the words that the military regime used to justify and legitimize its government. These were “revolution” and “the Burmese way to socialism”, on which the Ne Win regime stood from 1962 to 1988. The goal was to set in place a revolution in the Burmese way, backed by the Tatmadaw. But then on 18 September 1988, Saw Maung, the Chief of General Staff of the Tatmadaw, staged a coup, suspended the 1974 Constitution and concentrated all state powers in the State Law and

Order Restoration Council (SLORC). As the name of this organization implies, the legitimacy of this assumption of power was sought in the restoration of order, and in this light the military regime continued without interruption and without debate for another 20 years. During that time the military justified its rule by claiming to be both a temporary government holding power until democratization and a non-partisan government that would benefit the entire nation.

It is clear, however, that words of justification did not persuade the people. Twenty-two years is just too long for a temporary government. Rather, it seems that the more the military regime promised future democratization and service in the national interest, the more the words lost their meaning. Clearly, this was because the SLORC, backed as it was by physical force, could make any number of empty promises. The most important function of the junta's formal pronouncements seems to have been to restrain any action that might have opposed the legitimacy of the regime.

A reliance on physical force against opposition and the emptiness of its words highlighted the weak legitimacy of the military regime from 1988 to 2010. Moreover, neither Saw Maung, who led the coup d'état in 1988, nor Than Shwe, who took over as leader of the state in 1992, possessed the charismatic qualities that might have made up for the regime's lack of legitimacy. Under the SLORC and its reincarnation, the State Peace and Development Council (SPDC), the Burmese military lost all but a shadow of the respect it had previously earned as the army that had fought for the freedom of the nation. The legitimacy of the post-1988 military regime was seemingly more fragile than that of the Ne Win regime at the time of the latter's collapse. Yet the regime endured, and did so until the Tatmadaw guided transition to a "civilian" government in 2011. How was Than Shwe able to control the Tatmadaw and the state for so long? How did the Tatmadaw change under his leadership? Moreover, what does the transition to the new regime in 2011 really mean?

## *2 Prescriptions for Restoration*

The new military regime had a sanguinary beginning. The SLORC sought to appease the democratization movement by promising to hold a general election while at the same time

cracking down violently on all those who still took to the streets. The number of deaths is said to have exceeded 3,000. While the 1988 political crisis had a great impact on Myanmar politics, the following two points are important for this study's focus on civil–military relations.

First, the political crisis of 1988 caused a generational change within the political regime. Although it is not clear to what extent Ne Win was involved in the coup plot, his influence was arguably limited after his resignation as party chairman. The SLORC was composed of a new generation of officers who had taken leadership of the Tatmadaw in 1985. But unlike the generational change that had taken place *by design* in the military leadership at that time, the change of generation in state leadership in 1988 occurred *by chance* because of a coup, so that the SLORC members suddenly came to be in control of the state.

The second point was the emergence of a new “threat”: the citizenry. Until that time the Tatmadaw had never encountered a large-scale antigovernment movement from Myanmar's citizens. Previously, student movements had been the major force driving antigovernment movements. Now Aung San Suu Kyi rose dramatically to become a popular leader after her decision to participate in the movement. Furthermore, the goal of the movement was democratization, meaning a call for regime change. This posed a genuine threat to the Tatmadaw's political power. Insurgent groups were still in control of the region east of the Salween River, and it was possible that student antigovernment activists who had fled Yangon to escape oppression would join them. It was also said that a U.S. naval warship approached as close as 90 miles off the coast south of Yangon in the midst of the antigovernment movement across the country.<sup>1</sup> The situation, as the Tatmadaw saw it, presented a crisis of national security.

The SLORC drew up the following four prescriptions for managing the crisis and restoring order. First, the SLORC emphasized that it was a different regime from the previous socialist one. But no matter how much Saw Maung reiterated this point in his speeches, it failed to resonate with the people. Their dissent arose from their discontent with the country's economic stagnation. Therefore, the SLORC abandoned the socialist economic system and moved quickly to liberalize the economy. In November 1988, foreign trade was opened up to private enterprise, and in the

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<sup>1</sup> Although this was later denied by the U.S. government, the decision to relocate the capital to Naypyidaw in 2005 is said to have been because of the “trauma” the government felt at the time; but even today, the veracity of this story is still unclear. See Andrew Selth, *Burma's Armed Forces: Power Without Glory* (Norwalk, CT: East Bridge, 2002): p. 40.

same month, with the enactment of the Union of Myanmar Foreign Investment Law, it became possible for foreign investors to enter the country. In the following year the State-Owned Economic Enterprise Law was enacted which opened up the economy to private enterprise, except for 12 sectors which remained the monopolies of state-owned enterprises.<sup>2</sup> This rapid succession of economic reforms was surprising for a government that had never been quick to make decisions. Part of the explanation could be that liberalization had begun in the agricultural sector at the end of the previous socialist regime, so in all likelihood economic policies for liberalizing other sectors had also been prepared while Ne Win was in power. Nevertheless, it was the SLORC that enacted them, and this had the effect of demonstrating that it was a new and different regime from the previous socialist one.

In contrast to its economic liberalization policies, the SLORC significantly tightened its control of politics. This might be called “a militarization of politics”, wherein the clashing of opinions among parties and factions that is necessarily included in democratic politics was regarded as a threat to national security. This was the second prescription arising in the SLORC’s handling of the situation. Part of this involved the junta linking Myanmar’s unstable internal politics to external threats by presenting democratization activities as unjustified intervention by the West. This tied in with what, since the coup, the military regime called “our three main national causes”: “no disintegration of the union”, “no disintegration of national solidarity”, and “consolidation of national sovereignty”. The SLORC saw the political crisis in 1988 as exemplifying the need for these three national causes.

In addition to perceiving a new threat in the citizenry, the SLORC also exhibited a sense of paternalism, implying that only the military could serve the interests of the nation. According to this logic, political activities in disobedience of military guidance would lead to a state crisis.<sup>3</sup> Based on such reasoning, the SLORC ignored the results of the 1990 elections when the National League for Democracy (NLD) won by a wide margin. Thus the NLD’s activities, which under the

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<sup>2</sup> Toshihiro Kudo, “Josho [Introduction].” In *Myanma Keizai no Jitsuzo: Naze Gunsei wa Ikinokoreta noka* [*The reality of Myanmar’s economy: How could the military regime survive?*], ed. Toshihiro Kudo, (Chiba: Ajia Keizai Kenkyujo, 2008), pp. 10-14.

<sup>3</sup> See the following for a discussion of military paternalism: Kenji Ino. “Myanma kokugun no seiji kainyu no ronri: ‘Kokumin Seiji’ gainen wo chushin to shite” (“The Logic of the Myanmar Military’s Political Intervention: Focusing on the Concept of ‘National Politics’”), *Tonan Ajia – Rekishi to Bunka (Southeast Asia – History and Culture)* 29 (2000): p. 29.

law were supposed to be allowed, were instead suppressed. The SLORC closed universities from 1996 through 2000 and relocated Yangon University and Mandalay University, which had been the centers of student movements, out to the suburbs. Student movements have now been almost completely destroyed as a result of these interventions.

Third, the Tatmadaw proceeded with ceasefire negotiations by proposing political deals with the Burma Communist Party and ethnic insurgents. This began with ceasefire proposals to the Myanmar National Democratic Alliance (MNDA) (later the Myanmar National Democratic Alliance Army (MNDAA)), which had separated from the Burma Communist Party following an internal split in 1989, and to the United Wa State Army (UWSA), in return for allowing them to retain their weapons and to practice self-rule.<sup>4</sup> The military acted strategically in promoting the exchange of weapons and development, and the SLORC encouraged the process by organizing the Central Committee for Development of Border Areas and National Races, which was headed by Saw Maung and included the heads of the Army, Navy and Air Force and the first and second secretaries of the SLORC.<sup>5</sup> An official announcement reported that ceasefire agreements had been concluded with 17 insurgent groups by the time a Border Guard Force (BGF) began being formed in 2009. General Khin Nyunt, the chief of military intelligence and the first secretary of the SLORC, led the ceasefire agreement negotiations, and border-area development unofficially came to be the domain of the military intelligence office, mainly through the Ministry for Progress of Border Areas and National Races and Development Affairs.

On the other hand, the military took the offensive against those insurgents that would not agree to a ceasefire. The fiercest battles after 1988 were those fought against the Karen National Liberation Army, the military wing of the Karen National Union (KNU). Although the Tatmadaw gained the upper hand in the war, the KNU would not agree to a ceasefire. In 1994 the Tatmadaw and the Democratic Kayin Buddhist Army, which had split from the KNU, concluded a ceasefire agreement, and in 1995 the KNU bases of Wangka and Manaplaw fell to Tatmadaw forces. After years of fighting the KNU has been considerably weakened, in part because the development of roads and other infrastructure has increased the efficiency of Tatmadaw operations in the border

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<sup>4</sup> Ceasefire negotiations were conducted before 1988 as well, but the Burmese government had called for armed groups to surrender their weapons and dissolve their organizations, which was essentially demanding their surrender. See Win Min, "Looking Inside The Burmese Military", *Asian Survey* (2008): pp. 7-11.

<sup>5</sup> 1989 Ordinance No. 23 issued in March 1989.

areas.

These operations were also enhanced by the Tatmadaw's expansion and modernization—the fourth prescription. Although defense spending is usually the easiest index for understanding the expansion and modernization of the military, Myanmar defense spending figures have never been published.<sup>6</sup> To understand trends in the country's defense spending, we need to look at the changes in the budgets for all of the ministries as well as the budget for the Ministry of Defence (MOD). Figure 1 shows the ratio of the MOD's budget to the total government budget; and Figure 2 shows the real values of the MOD budget and the ratio of the MOD budget going to capital expenditures. Three interesting points are worth noting.

(Figure 1)

(Figure 2)

First, while the MOD's budget was more than 30% of the total budget through the 1990s, as the political and economic base of the regime became stable in the 2000s the MOD budget declined to around the 20% range, due to the increase in the total budget. Although the MOD's budget has been given priority since 1988, the fiscal improvement that natural gas revenues have brought to the government has led to a decline in the MOD's relative share of the total budget. Nevertheless, all the findings need to be treated with some caution, since the decrease in the MOD budget does not necessarily mean that the defense budget itself has shrunk. The Tatmadaw does obtain money from other sources.

Second, the MOD budget has fluctuated over the past two decades. It increased steadily in the early 1990s, partly because of the increased budget allocation to the MOD but also because of economic growth. The budget then stagnated in the late 1990s. It regained momentum from fiscal year 2004, and then underwent a marked increase from fiscal years 2007 to 2010.

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<sup>6</sup> Estimates have been published by the Stockholm International Peace Research Institute, the International Institute for Strategic Studies in the United Kingdom and the Defence Intelligence Organisation of Australia. However, their respective definitions of defense spending are slightly different, and also, in the case of Myanmar, the amount changes depending on whether the official parity rate or market rate is being used for conversion to the dollar value. Therefore, it is not possible accurately to ascertain defense spending.

Third, the growth of capital expenditures has been prominent. Its share of the MOD budget rose from the 10% range in the 1980s to the 30% range after 1991. The share remained high thereafter, ranging from 20% to 40%, and then finally exceeded current expenditures in 2009 and 2010. A comparison of current expenditures and capital expenditures shows that the latter constituted the major part of the increase in defense spending up to 2003. Whereas the former increased little from 1988, the latter increased fourfold by 2003. It is extremely hard to ascertain accurately how capital expenditures were used, but some would have been spent on the construction of military facilities and the purchase of arms and ammunition, because normally capital expenditures on the acquisition of fixed assets can be written off over several years. This was closely connected to the modernization of the Tatmadaw, which will be discussed below.

### *3 Military Expansion*

This section reviews the organizational expansion and modernization of the Tatmadaw. The size of the armed forces doubled from around 200,000 men in 1988 to 400,000 by 1999, about the number that it is today, and most of the expansion took place in the Army. This growth in manpower accompanied the Tatmadaw's organizational expansion.

During the two decades from 1990, the number of Bureaus of Special Operations (BSOs) increased from 2 to 6,<sup>7</sup> military region commands (MRCs) from 9 to 10,<sup>8</sup> and light infantry divisions (ID) from 8 to 10. New military operations commands (MOCs), whose units are of regiment size, were established in Myeik and Loikaw in 1992. Then 11 more were added in May 1995, with more being organized from the end of the 1990s to the beginning of the 2000s; there are currently 21 MOCs. Meanwhile, as far as is currently known, the number of battalions, the Tatmadaw's basic fighting unit, has increased from 168 to 605.

However, this increase, while clearly significant, did not meet the level for which

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<sup>7</sup> The six BSOs and the MRCs each currently controls are as follows. BSO(1): Central, Northwest, North Regional Commands; BSO(2): Northeast, East, Delta Regional Commands; BSO(3): Southwest, South, West Regional Commands; BSO(4): Coastal, Southeast Regional Commands; BSO(5): Yangon Regional Command; BSO(6): Naypyidaw Regional Command.

<sup>8</sup> The following regional commands have been established since 1988: South Regional Command (1990), Delta Regional Command (1996), Coastal Regional Command (1996), and Naypyidaw Regional Command (2005).

Myanmar's military leaders originally had hoped: 500,000 active personnel by the turn of the century.<sup>9</sup> One of the reasons may have been the condition of the soldiers. As was pointed out earlier, MOD current expenditures did not increase very much until 2003. At the same time, however, the number of active military personnel doubled. This would suggest that even if current expenditures went mainly toward personnel expenses, the Tatmadaw's treatment of its soldiers would have deteriorated over the course of time. Meanwhile, the soldiers were engaged in counterinsurgency operations of the sort described in the following quotation. (This is from a book titled *Fellow Soldiers: The Brave Men without Names*, written in Japanese by Masaki Takabe, a former Japanese Ground Self-Defense Force soldier. In the quotation, "enemy soldiers" refers to the Tatmadaw soldiers, because Takabe was fighting against them as a member of the Karen National Liberation Army.)

The way the enemy bombardment with mortars and recoilless rifles was being concentrated between our defensive line and forward-most bunkers was normal. It was aimed at destroying the barbed wire, landmines and traps that had been laid there. Because of this, the enemy foot soldiers would halt their approach at some distance from our defensive line, and take the offensive after the bombardment was over. That was what they would normally do.

But this time, we watched with our own eyes as the enemy soldiers advanced toward us through the storm of bombardment.... As always, this was no small number of artillery shells, and they were falling on our defensive line. A shell dropped and exploded at close range, right next to a foot soldier who had hit the deck. When the smoke and sand cleared, I could see that enemy soldiers nearby were no longer moving. This scene repeated itself again and again right in front of our eyes.

"This can't be happening," I thought. "How could they be shelling us right over the heads of their own men?"<sup>10</sup>

Takabe's description clearly shows how the Tatmadaw overwhelmed the enemy with sheer

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<sup>9</sup> Andrew Selth, *Burma's Armed Forces*, p. 79.

<sup>10</sup> Masaki Takabe, *Sen-yuu: Na mo naki yuusha-tachi (Fellow Soldiers: The Brave Men without Names)* (Tokyo: Namiki Shobo, 2008), pp. 33-34.

numbers. The increase in its soldiers enabled the Tatmadaw to adopt human-wave tactics in its operations. With its huge expansion of manpower after 1988, it almost seems as if the military leadership was thinking that, given the shortage of equipment, the most effective way to counter an enemy fighting a guerrilla war was by securing a great number of soldiers and relentlessly attacking.

This began to change from the 2000s, after natural gas exports began giving the government financial leeway. Although not necessarily required for the current civil war, incremental upgrades to the Navy and the Air Force have been progressing at considerable expense, a trend suggested by the military's increased capital expenditures. In October 1989, Than Shwe, then vice chief of general staff (Army), visited China to conclude an arms deal worth USD 1.4 billion. Thereafter arms imports from China expanded, and consisted of tanks, armored vehicles, anti-aircraft weaponry and other arms, mainly enhancing the equipment of the Army.<sup>11</sup> In October 1996, Maung Aye visited China to conclude an agreement for military cooperation between Myanmar and China. Indications are that this agreement included a new arms deal.<sup>12</sup> Andrew Selth estimates that of the USD 1.38 billion in armaments supplied to Myanmar from 1987 through 1997, USD 1.16 billion—more than 80%—came from China.<sup>13</sup> Weapons gradually grew in scale (surface-to-air and short-range ballistic missiles) in the 2000s, and in 2006 negotiations were held between Myanmar and Russia on the purchase of a Russian air defense system.<sup>14</sup> Meanwhile, the Navy and Air Force, whose modernization had long been sidetracked because of fiscal restraints, began to get new equipment with 12 MIG-29/UBs purchased from Russia. It was also reported that the Navy made another purchase of aircraft in 2009.<sup>15</sup>

In addition to Myanmar modernizing its military equipment, there has been constant speculation that the country has received support with nuclear technology from North Korea. In August 2009, the *Sydney Morning Herald* in Australia reported that the Tatmadaw was

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<sup>11</sup> For example, such weapons include in particular the T-69 (Type II) main battle tank, the 59D main battle tank, the Type 63 light tank, the Type 85 armored personnel carrier and the Type 90 armored personnel carrier. For this information, see Maung Aung Myoe, *Building the Tatmadaw: Myanmar Armed Forces since 1948*, (Singapore: ISEAS, 2009), p. 108.

<sup>12</sup> Selth, *Burma's Armed Forces*, p. 137.

<sup>13</sup> *Ibid*, Figure 14.

<sup>14</sup> Maung Aung Myoe, *Building the Tatmadaw*, p. 111.

<sup>15</sup> *Ibid*, p. 129.

constructing nuclear facilities, such as a plutonium extraction facility, with the support of North Korea, a report based on the testimony of a former Tatmadaw officer. Moreover, in August 2010, the Democratic Voice of Burma, an independent media organization based in Oslo, broadcast a documentary and issued expert analysis on Myanmar's nuclear development plans. The conclusion of the analysis was that "it is likely that Burma is trying to attempt many of the nuclear program steps reported by previous sources. Unrealistic attempts, such as the Molecular Laser Isotope Separation project, unprofessional engineering drawings and the crude appearance of items in photos, suggest that success may be beyond Burma's reach."<sup>16</sup> Some experts point out that the military has been starting to shift its concern from domestic to external security.<sup>17</sup>

Although it is not known how far Myanmar's efforts to increase its military manpower and modernize its weaponry are based on a coherent grand strategy, these actions have steadily improved the capabilities of the Tatmadaw. Compared with the situation in 1988, the influence of insurgents across Myanmar has been greatly diminished. There is no force capable of confronting the Tatmadaw head-on in battle except for the UWSA, which controls the former Second Special Region (Wa State) and has about 20,000 soldiers.

#### *4 Than Shwe's Leadership*

General Than Shwe took command of the Tatmadaw in 1992. He was not well known to people before his assumption of power. Nevertheless, he maintained his regime for nearly 20 years. How was he able to do this?

Than Shwe was born in a village in Kyaukse Township, in present-day Mandalay Region, on 2 February 1933. He graduated from high school in 1951, following a break because of the Pacific War, then worked in a post office in Meiktilla in the same region for one year. In 1953 he entered the Officers Training School as a cadet in the 9th class, received a commission as a second lieutenant and was assigned to the First Infantry Battalion. After participating in operations against the KNU and the BCP in Karen State, the southern Shan State and the area east

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<sup>16</sup> "Burma's Nuclear Ambitions", *Democratic Voice of Burma*, August 2010 (<http://www.dvb.no/burmas-nuclear-ambitions/burmas-nuclear-ambitions-nuclear/expert-analysis/9297>). Accessed on January 18, 2011.

<sup>17</sup> Maung Aung Myoe, *Building the Tatmadaw*, p. 206.

of the Salween River, he was transferred to a psychological operations unit and worked for the Central Institute of Political Science, the training school for Burma Socialist Programme Party (BSPP) cadre. This took him away from the frontlines for four years. Then from 1966 he participated in operations in Karen State, the Irrawaddy Delta and Bago Yoma as a company commander in the 101st Light Infantry Battalion, which was part of the newly established 77th Light Infantry Division. In 1970, at the age of 37, he assumed command of the 1st Infantry Battalion and fought in northern Shan State and in the area east of the Salween River. He then returned to the general staff office in Yangon in 1975 to work in the Operations Bureau as a general staff officer (operations-1) for about two years, after which he was appointed deputy commander of the 88th Infantry Division. He was promoted to division commander in 1980, and commanded counterinsurgency operations against the BCP in Shan State.<sup>18</sup> In 1983 he took command of the Southwest MR that controlled Irrawaddy Division, then assumed the post of vice chief of general staff (Army) in 1985, and joined in the coup in 1988. The reasons for Than Shwe's promotion to the number-two position in the Tatmadaw were generally said to have been his achievements in military operations against the BCP in Shan State and his obedience to his superiors. Then in 1992, when General Saw Maung, chairman of the SLORC and the commander-in-chief, fell ill and could no longer perform his duties, Than Shwe took over, virtually becoming the head of state.<sup>19</sup>

Than Shwe's career shows us that he was a soldier to the core, who reached the top via his battle experience and achievements in operations. Although in the 1980s he concurrently held a seat as a member of the Burma Socialist Programme Party's Central Committee, he had little political experience, a factor that helps explain the SLORC's (and later the SPDC's) seemingly parochial orientation, in that it did not like negotiations or compromises and associated political disputes with the disunity of the state. Immediately upon taking power, Than Shwe began giving priority to developing the Tatmadaw. He never gained the support of the people, but this was not important to the Tatmadaw. What carried weight with those inside the Tatmadaw was Than Shwe's achievements in military operations, along with the hefty number of medals he had

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<sup>18</sup> There are positives and negatives in his battle achievements during this period. See below for details. Benedict Rogers, *Than Shwe: Unmasking Burma's Tyrant* (Bangkok: Silkworm Books, 2010): pp. 97-100.

<sup>19</sup> This reason for Saw Maung's resignation is based on an official announcement (Ordinance 1992 No. 8), but what actually happened inside the regime is not clear.

accumulated as he steadily advanced through the ranks within the Tatmadaw. Thus the most important point for Than Shwe in his handling of the government was holding onto the support of the military, rather than seeking to gain the support of the people. His 20-year dictatorship tells us that he was successful in maintaining this support. How did he succeed in doing this?

First of all, Than Shwe remained in control of the Tatmadaw as the commander-in-chief. He did not leave the Tatmadaw even after passing retirement age (along with Maung Aye, the vice commander-in-chief). While other officers in military operations left the Tatmadaw in compliance with the retirement age, these two men did not retire, along with aides like Thura Shwe Mann—then seen as a likely successor to Than Shwe—plus former Than Shwe aides Khin Nyunt and Tin Oo.

Officers leaving the Tatmadaw moved to positions prepared for them in other government ministries and in state-owned enterprises. Officers leaving the Tatmadaw from posts as regional commanders usually took up positions at the level of minister or deputy minister. Middle-ranking officers had positions secured for them in accordance with their rank. Many of those at the level of minister served concurrently with their belonging to the Tatmadaw, while middle-ranking officers retired after a certain period to become “civilian” officials. This method was handed down from Ne Win, without any changes. It facilitated the smooth operation of moving personnel out of the Tatmadaw, thereby avoiding discontent in the officer corps over stagnant promotions while at the same time allowing Than Shwe himself to hold onto the position of commander-in-chief for a long period of time. Moreover, the Tatmadaw’s influence over the state could be retained by attaching officers to other ministries.

Than Shwe also expanded the officer corps.<sup>20</sup> For that, we simply have to look at the number of cadets attending the Defence Services Academy (DSA). There were 127 graduating cadets in the 30th class in 1989; thereafter, in chronological order up to 1999, the numbers were: 120 (1990), 103 (1991), 83 (1992), 162 (1993), 130 (1994), 135 (1995), 229 (1996), 227 (1997),

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<sup>20</sup> The size of the officer corps has never been made public. A partial indicator, however, is the number of officers receiving commendation medals in 1995 in commemoration of 50 years since the establishment of the *Tatmadaw*. These officers were those fulfilling the following four conditions: (1) they were in the military as of 27 March 1995, (2) they had served for 25 years or more as of that date, (3) they had fully performed their duties, and (4) they had not committed a crime since the start of service. There were 1,174 officers (company grade or above) fulfilling these conditions (Army: 976, Navy: 105, Air Force: 93).

207 (1998), and 237 (1999). This gradually rising trend turned sharply upward with 820 cadets for the Army alone in the DSA's 45th class in 2003. This number then more than doubled to 1,922 in the 46th class of 2004.<sup>21</sup> There were 1,965 cadets in the 50th class of 2007; the 51st class in 2008 saw a decrease to 1,169 cadets for reasons that are unknown, but then the number jumped to 2,440 cadets in the 52nd class in 2009. It can be seen that ten times as many officer candidates are now being commissioned every year as compared with the end of the 1990s. With about 8,000 cadets at the DSA as of 2008,<sup>22</sup> officer training is expected to continue at this pace. When officer training facilities such as the Military Medical College (opened in 1993), the Military Institute of Technology (opened in 1994), and other officer training schools are included, the number of cadets commissioned in 2007, 2008, and 2009, as recorded in official gazettes, were 2,127, 1,585, and 2,948 respectively,

Such rapid expansion of the officer corps, basically a seniority-based bureaucratic body, needs to be supported financially. This requires the military to develop stable economic resources, because it can be assumed that new officers will serve for the next 30 to 40 years. The growth of Myanmar's natural gas revenues appears to be a major factor which made possible this increase in the 2000s. Another likely factor has been Myanmar's shift to a market-oriented economy, which has offered the military opportunities to build up a new structure of vested interests. One means for this is the military-owned corporate group. Below are two typical examples.

One example is the Union of Myanmar Economic Holding Limited (UMEHL), which was established in 1990. Its official purpose is to operate as a welfare program for active and retired Tatmadaw soldiers. Its shares are held by the Directorate of Procurement of the MOD, active and retired soldiers (35,544 and 6,069 respectively), and units attached to the Tatmadaw, and its authorized capital as of 2007 was 40 billion kyat. Under the Adjutant General Office until 2002, the UMEHL is currently under the Directorate of Defence Industries and in 2007 had 35 100%-owned companies, nine subsidiary partnerships and seven affiliated partnerships. According to internal documents revealed by Aung Myoe, its profits were 12 billion kyat in fiscal

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<sup>21</sup> In contrast, the numbers were small for the Navy and Air Force, with 50 and 68 cadets, respectively.

<sup>22</sup> *naungtakhit i aungsitthemya mweihpway myei (The Land Where Warriors of the Next Generation Will Be Born)*, (Yangon: naingan gounge sapei taik, 2009), p. 110.

year 2006.<sup>23</sup> Another example of a corporate group owned by the military is the Myanmar Economic Corporation, established in 1997 under Ordinance No. 4 of that year. It is under the Quartermaster General Office of the MOD, and its fields of business encompass iron and steel, cement, marble, sugar, methanol, roofing sheets, drugs, wire, coal, beer, foreign trade, finance, and others.<sup>24</sup> Besides such major ventures by the Myanmar military, more than a few local army units have developed their own businesses.

Without doubt the military has used its power to set up these corporate groups in order to expand its interests. This also indicates an insufficiency of income for officers and soldiers alike coming through the state budget. Although a little dated, a table showing the basic salary (monthly) for officers as of 2006 included the following: general: 800,000 kyat (about USD 640); lieutenant general: 600,000 kyat (about USD 480); major general: 400,000 kyat (about USD 320); brigadier: 300,000 kyat (about USD 240). For a private and lance corporal at the bottom of the salary scale, the numbers were 16,000 kyat (about USD 12.8) and 22,000 kyat (about USD 17.6) respectively.<sup>25</sup> These are clearly very low salaries. However, general-grade officers are a privileged social class in Myanmar and are in fact very rich. This means that generals get most of their income from sources that are off-budget, meaning those that are outside their official sources. The main off-budget sources are probably revenues from military corporations and bribes from private companies. An indication of this has been the emergence since the 1990s of entrepreneurs—notably the so-called tycoons, like Tay Za of the Htoo Group, Khin Shwe of the Zaygaba Group, and Zaw Zaw of the Max group—who actively seek to obtain concessions from the generals. The military has thus used Myanmar's shift to a market-oriented economy to expand its economic interests.

## 5 *What Is New?*

In March 2011, at age 78, Than Shwe stepped down from his posts as commander-in-chief and the

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<sup>23</sup> Maung Aung Myoe, *Building the Tatmadaw*, pp. 176-181.

<sup>24</sup> *Ibid*, pp. 181-184.

<sup>25</sup> What is the source of this salary information? The numbers in parentheses are calculated at the average rate in 2006 of USD1=1,250 kyat.

head of state to make way for a transition to a new government. What does this transition mean for Myanmar? First of all, we should understand that the SPDC did not have to carry out the transition because of the regime's instability. The regime has incrementally increased its stability since 1988 and the establishment of the SLORC, through a power structure centered on the Tatmadaw and a financial foundation based on natural gas exports. Nevertheless, the SPDC has steadily proceeded with its "seven-step roadmap", issued in 2003, which included drafting a constitution, a referendum for approving the constitution and a general election.<sup>26</sup> In the meantime, Khin Nyunt, who as prime minister announced the roadmap in his inaugural address, fell from power in November 2004, and a massive antigovernment demonstration led by monks occurred in 2007. Despite such events, the roadmap was not withdrawn. This indicated Than Shwe's strong intention to proceed with the roadmap. So why did Than Shwe need the transition?

The main reason for the transition was clearly Than Shwe's age. He was already 70 years old in 2003 when the "seven-step roadmap" was issued. People age no matter how stable a regime; no dictator can live forever, even if wishing to do so. So what did Than Shwe prepare for the country and the Tatmadaw after his retirement? In hindsight it would appear that he and the Tatmadaw under his command carried out a slowly developing plan for the future, which included 1) ending the insurgencies that have plagued the nation since independence by incorporating antigovernment armed groups into the Tatmadaw, 2) bringing to an end the long years of provisional rule by enacting a new constitution and holding a general election, and 3) proceeding with a generational change in the leadership of the Tatmadaw and of the state. Although this is all conjecture, since there has never been an acknowledgement of any such plan, developments since 2003 can be seen as heralding a transition period to a "post-Than Shwe" regime which has thus begun to take place from 2011.

So far, what appears to have been Than Shwe's plan has moved steadily toward realization.

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<sup>26</sup> The seven steps of the roadmap are as follows: (1) The reconvening of the National Convention that has been adjourned since 1996. (2) After the successful holding of the National Convention, step by step implementation of the process necessary for the emergence of a genuine and disciplined democratic system. (3) The drafting of a new constitution in accordance with basic principles and detailed basic principles laid down by the National Convention. (4) The adoption of the constitution through a national referendum. (5) The holding of free and fair elections for Pyithu Hluttaws (legislative bodies) according to the new constitution. (6) The convening of Hluttaws attended by Hluttaw members in accordance with the new constitution. (7) The building of a modern, developed, and democratic nation by the state leaders elected by the Hluttaw and the government and other central organs formed by the Hluttaw.

When laying out the new post-SPDC political system, he was able to insert a political role for the Tatmadaw into the new constitution and was successful in fitting this into the official system. For instance, Article 6, “Basic Principles”, Item 6 stipulates the Tatmadaw’s political participation as a principle of the new regime with the statement: “enabling the Defence Services to participate in the national political leadership of the State.” Also, Article 17, Item 2 gives approval to the temporary transfer of Tatmadaw officers to other ministries, and Articles 109 and 110 stipulate that a maximum of one-quarter of the members in both the House of Representatives and House of Nationalities are to be people designated by the commander-in-chief of the Tatmadaw. Furthermore, Article 232, Item 2(c) states that the ministers of Defence, Home Affairs, and Border Affairs are to be elected based on a list of candidates submitted by the commander-in-chief. In addition to these, a separate chapter on the “Defence Services” (Chapter 7) was created and put into the constitution.

The new constitution took effect in May 2008, following approval in a referendum by an incredibly high 92.45% of voters. The general election on 7 November 2010 was also held smoothly under extremely controlled conditions—from the registration of political parties through to the announcement of voting results that declared a victory for the military-backed Union Solidarity and Development Party (USDP). Among the parliamentary members from the Tatmadaw, several colonel-grade and many captain- and major-grade officers were designated for the People’s Assembly, the House of Nationalities and each region/state assembly. Those influential officers previously excluded as military members of the parliament, and thus from acting as the conduit by which the military leadership could reflect its will in parliament, were mainly middle-grade officers commissioned after 1988. From now on, however, the parliamentary seats designated by the commander-in-chief will also serve as temporary positions for captain- and major-grade officers commissioned 15 to 20 years earlier.<sup>27</sup> Although the democratization

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<sup>27</sup> The members of each parliament are designated by the commander-in-chief. People’s Assembly: Army 95 (colonel: 3, major: 50, captain: 42), Navy 6 (major: 6), Air Force 9 (major: 9). House of Nationalities: Army 54 (colonel: 2, major: 33, captain: 19), Navy 1 (major: 1), Air Force 1 (major: 1). Local assemblies: Kachin State Assembly: Army 13 (colonel: 1, major: 4, captain: 8), Kayah State Assembly: Army 5 (colonel: 1, major: 1, captain: 3), Kayin State Assembly: Army 6 (brigadier general: 1, colonel: 1, major: 1, captain: 3), Chin State Assembly: Army 6 (colonel: 1, major: 1, captain: 4), Sagaing Region Assembly: Army 25 (colonel: 1, major: 6, captain: 18), Tanintharyi Region Assembly: Army 7 (colonel: 1, major: 4, captain: 2), Bago Region Assembly: Army 18 (colonel: 1, major: 6, captain: 11), Air Force 1 (major: 1), Magway Region Assembly: Army 17 (colonel: 1, major: 8, captain: 7), Air Force 1 (major: 1), Mandalay Region Assembly: Army 19 (colonel: 1, major: 12, captain: 6), Mon State

movement was expected to be more active following Aung San Suu Kyi's release from house arrest during the week following the general election, thus far the military-led "democratization" process has progressed without confusion.

Regarding the generational change in the Tatmadaw, a massive personnel reshuffle (37 positions alone involved regional commanders and above) was implemented on 27 August 2010, prior to the general election. Initially, most people expected Lieutenant General Thura Shwe Mann, the joint chief of staff (Army, Navy, Air Force), to become the commander-in-chief. However, he retired from the Tatmadaw to run as a "civilian" candidate in the general election (and later was elected). It seems that this generational change was implemented more strictly because Thura Shwe Mann, born in 1947 and being 63 years old, had already passed retirement age. Speculation then varied regarding the next commander-in-chief and vice commander-in-chief, some thinking that Than Shwe would stay in office, or that informal decisions had been made in favor of Lieutenant General Thura Myint Aung, a former Adjutant General, and Lieutenant General Ko Ko, a former commander of the BSO(3). However, at the presidential inauguration ceremony and the appointment of members of the Defence and Security Council, it was announced that Lieutenant General Min Aung Hlaing, who had become chief of the Joint Staff of the Three Armed Forces in August, was now the commander-in-chief. The vice commander-in-chief position was taken by Major General Soe Win, a former chief of BSO(6).

Lieutenant General Min Aung Hlaing graduated in 1978 in the 19th class of the DSA, and Major General Soe Win graduated in 1981 in the 22nd class, so the commander-in-chief and his deputy are both 20 years younger than the men they replaced. Meanwhile, as mentioned previously, a major reshuffle of MR commanders and above had already taken place in August 2010, the positions going to officers who had graduated from the DSA up to the 24th class. Such a massive personnel reshuffling was not realized on an order from Than Shwe alone: high-ranking, influential commanders are not such an obedient group. They have been the most successful in the competition for promotion and have vested interests at stake, so decent alternative positions have been necessary to convince them to accept retirement. Therefore, cabinet posts or positions as the

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Assembly: Army 6 (colonel: 1, major: 3, captain: 2), Yakain State Assembly: Army 10 (colonel: 1, major: 4, captain: 5), Navy 2 (major: 2), Yangon Region Assembly: Army 23 (colonel: 1, major: 16, captain: 6), Navy 6 (major: 6), Air Force 2 (major: 2), Shan State Assembly: Army 36 (colonel: 1, major: 9, captain: 26), Irrawaddy Region Assembly: Army 14 (colonel: 1, major: 2, captain: 11), Navy 2 (major: 2), Air Force 2 (major: 1, captain: 1).

chief minister of a region or state have been prepared for these officers. Good examples are the officers who together with Lieutenant General Min Aung Hlaing were commanders of the six BSOs. Thar Aye, BSO(1) commander, became the chief minister of Sagaing Region; Ko Ko, who headed BSO(3), became Minister of Home Affairs; Khin Zaw, the BSO(4) commander, became the chief minister of Tanintharyi Region; Myint Swe of the BSO(5) became the chief minister of Yangon Region; and commander of BSO(6), Ohn Myint, became Minister of Co-operatives. It is evident that Than Shwe successfully executed a methodical generational change in the Tatmadaw.

One aspect of Than Shwe's apparent plan that has not progressed smoothly has been the incorporation of insurgent groups into the Tatmadaw. This was to be accomplished through the formation of the Border Guard Forces (BGF). The SPDC started to organize the BGF in April 2009 based on the 2008 Constitution, Article 338, which stipulates, "All the armed forces in the Union shall be under the command of the Defence Services." The objective was to have the BGF under the command of Tatmadaw officers, thereby bringing these forces under the Tatmadaw chain of command, while the forces of the BGF were to be composed of insurgent groups that had reached ceasefire agreements with the Tatmadaw. The negotiations were expected to run into difficulties, and did so when the MNDAA was incorporated into the BGF. On 27 August, only four months after negotiations had begun, a battle occurred between Tatmadaw forces and the MNDAA, which effectively controlled the First Special Region (Kokang). The death toll was 26 on the Tatmadaw side and 8 on the MNDAA side, with the MNDAA retreating across the border, turning over their weapons to the Chinese authorities and surrendering two days later. The Tatmadaw won this minor battle, and the MNDAA was incorporated into the BGF in December. Meanwhile the New Democratic Army—Kachin and the Karenni People's Liberation Front had been incorporated into the BGF in the previous month, but the UWSA, boasting the largest force (about 20,000 men), the Kachin Independence Organisation, the New Mon State Party, and the KNU were still refusing to be incorporated. The odds favor the Tatmadaw once this issue reaches the stage of armed conflict. However, negative effects such as an outflow of refugees can also be expected, and the Tatmadaw would like to avoid any large-scale battle, something opposed by China and Thailand as well. The possibility of resolving the organizational issues of the BGF remains low in the short term.

Thus, although the war against insurgents could not be concluded prior to the advent of the “post-Than Shwe” period, the transition from a provisional government to a new regime itself proceeded smoothly. But while a representative government of sorts is being introduced, it is not democratization in the real sense of the word, nor can we expect it. The Tatmadaw will retain its political influence from now on as the regime of Than Shwe has taken steps to imbed it formally into Myanmar’s new political system, and so the confrontation with Aung San Suu Kyi, and the democratization movement at large that she symbolizes, is sure to continue.

### *6 Balancing and Charisma*

The controlled transition did not mean that the “post-Than Shwe” period would be free of change, as recent reforms clearly show. In fact, Than Shwe alluded to the future in a speech at the commencement of the 53rd class of the DSA on 10 December 2010. He talked about the results of economic development since 1988, spending more than half of his speech on this topic. Than Shwe listed examples since 1988 along with concrete figures, such as the acreage under rice cultivation, lengths of roads paved, and number of bridges constructed during his rule; the numbers of new hospitals, clinics, and schools; the amount of electricity generated; the number of industrial zones; and the number of state-run factories. He concluded his speech by stating that these were brought about by the conscientiousness (*sedàna*) of the Tatmadaw.

Without doubt national defense and development policies have been used to justify the military’s political involvement since 1988, but this speech was different from Than Shwe’s abstract, sermonizing speeches of the past. The end of an era seemed to be present in that he spoke to the young officer cadets about the concrete results of development. The meaning in this may very well be that the USDP, even though a hastily formed pro-military political party, includes many business people, public officials, and intellectuals. The year 2011 could be seen as the turning point when the security-oriented leadership of Than Shwe ended, and the new government changed direction toward the next era, namely, an era of developmentalism.

The government formed by President Thein Sein in March 2011 did not appear outwardly to have a reformers’ cabinet. Thein Sein was the former prime minister and first secretary of the

SPDC, and 26 of 30 new ministers were active or retired military officers, most of them former generals. Thus, from a look at the list of those in power, it did not seem that real change would happen easily. With its constitution, a parliament, and a check-and-balance mechanism in state power, the new government at least looked better than the previous junta for the near future, but little more than that. However, Thein Sein quickly proved such expectations wrong. Soon after his government formally took power, he set in motion a program of wide-ranging reforms.

The reforms have already enabled people to enjoy civil liberties, such as the right to organize labor unions, to take strike action in the work places, and to hold rallies and street demonstrations. Censorship of the print media has been gradually eased, resulting in the abolishment of nearly all formal media controls. As a result, today we can find Aung San Suu Kyi's portrait on the cover page of journals and even on state-owned newspapers. Such public displays not long ago were taboo and would have jeopardized one's safety. Economic reforms are also underway. The government started a managed float of the currency on 1 April 2012 to eliminate the negative effects caused by the gap between the greatly overvalued formal rate of the kyat and the market rate. On the same day, the government also adopted a market rate of USD 1=800 kyat for the calculation of its revenue. These steps were followed by the legislation of a new foreign investment law in November.

This top-down reform program is grappling with the ethnic-insurgency problem as well. The new leadership has given up, at least temporarily, trying to force the BGF scheme onto those insurgent groups that thus far have refused to be incorporated into the Tatmadaw. Instead, the government has taken a softer approach, one aimed at attaining a long-term solution via a three-step process from concluding ceasefire agreements to building lasting peace accords. The process has begun well. Thus far, Thein Sein has successfully generated what appears to be trust among those concerned in the new ceasefire negotiations. The UWSA has again accepted a ceasefire, and in January 2012 the government succeeded in concluding a ceasefire with the KNU, a historic event bringing to an end over 60 years of conflict between the two sides. Although some violent clashes have still occurred between the Tatmadaw and Kachin Independent Army (KIA), we may soon be able to witness for the first time in Myanmar's post-independence history the cessation of combat between the Tatmadaw and insurgent groups.

But the most striking move by the Thein Sein government has been its reconciliation with Aung San Suu Kyi. While Than Shwe never showed any sign of compromise or concession toward her and her party, Thein Sein quickly sought to build a more constructive relationship, leading to his first meeting with Aung San Suu Kyi in the new capital of Naypyidaw in August 2011. This was followed in October and again in January 2012 by the release of prisoners in an amnesty that included more than 500 political prisoners. These moves eased Aung San Suu Kyi's cautious attitude toward Thein Sein, and she decided to have her NLD party legally registered and to participate in the April 2012 special election, which resulted in its candidates winning in 43 of 45 parliamentary seats on the ballot.

Accompanying this national reconciliation was an improvement in Myanmar's international relations, especially with Western countries. Re-engagement with the United States was crucial as it opened the way to Myanmar's reconnection with international society. In November 2011 Secretary of State Hillary Clinton paid a state visit, the first U.S. secretary of state to visit Myanmar in 56 years.<sup>28</sup> Clinton met with President Thein Sein in Naypyidaw and then with Aung San Suu Kyi in Yangon, and this was followed by accelerated progress in 2012 toward the normalization of Myanmar-U.S. relations. Finally the United States announced the easing of economic sanctions on Myanmar, first in May and again in September. The second easing lifted the U.S. ban on the importing of goods from Myanmar, a diplomatic success offering the Myanmar government the opportunity to further its rapprochement with the U.S. The re-engagement of the United States with Myanmar gave the green light to other countries, notably Japan, which sent its foreign minister and then the Minister of Economy, Trade and Industry to Myanmar soon after Clinton's visit. Japan also decided to resume yen loans to Myanmar immediately, while canceling the country's USD 3.9 billion debt.

Myanmar's efforts to rebuild relations with the United States and its allies are also intended to rebalance its relations with China. Since the 1990s, Myanmar has developed an overreliance on China which Thein Sein's government is seeking to reduce. On 30 September 2012, in the midst of the reengagement process with the U.S., Thein Sein announced the suspension of the Myitsone dam project in Kachin State, a major project started with China in 2006, because of its negative

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<sup>28</sup> The last visit was made by Secretary of State John Foster Dulles in 1955.

environmental and social impacts.

How should we understand what is happening in Myanmar today? I would argue that Thein Sein is attempting two kinds of balancing: a China–U.S. balance in foreign policy and a security–developmentalism balance in domestic policy. The previous military regime had put excessive weight on the relationship with China and national security policy. While many people in the regime were aware that Myanmar’s national interests were suffering from its unbalanced foreign and domestic policy orientation, Than Shwe did not (and likely could not) see Myanmar’s reform as his responsibility, and other leaders around him had to follow his die-hard conservatism for their survival in power. With the transition to a new leadership in March 2011, a chance to redress the policy imbalances emerged for the first time since 1988. The new leaders saw clearly that Myanmar’s new government would have to acquire legitimacy with the United States and other Western countries; otherwise the sanctions these countries imposed on Myanmar would continue to be an obstacle to any reform effort.

This strategic thinking has led Thein Sein to undertake his series of domestic reforms and to seek reconciliation with the NLD. It appears that Aung San Suu Kyi also sees this moment as an opportunity and has decided to compromise to achieve a feasible solution, given her age (she was born in 1945) and the organizational vulnerability of the NLD in the wake of the 15 years she spent under house arrest. During those many years she must have become aware of the realities of achieving her political goals. Given the seemingly favorable change in the political leadership, one can understand her decision to participate in the framework of the 2008 Constitution and to call for the easing of economic sanctions and for foreign capital to invest in Myanmar—all of which she had once opposed.

This schematic understanding based on Thein Sein’s dual balancing effort may suggest that he has successfully co-opted the opposition NLD into the new authoritarian regime, rather than progressing toward democratization. Indeed, the USDP and the Tatmadaw hold over 80% of the seats in the Parliament, while the NLD has less than 7%. In this respect Thein Sein’s power is very secure, at least until the next general election. The easing of economic sanctions and the pending investment boom will encourage the rapid growth of Myanmar’s economy, as happened earlier in other Southeast Asian countries. If this growth improves the living standards of ordinary

people, Thein Sein and the USDP's rule will become more stable, which could be a scenario similar to the developmental dictatorships that were once common in Southeast Asia.

However, this developmental dictatorship scenario, based on Myanmar's objective political situation, could very well play out differently because of the charismatic presence of Aung San Suu Kyi and her popularity in Myanmar and around the world. Even though Thein Sein took the initiative in the current reforms, Aung San Suu Kyi's charisma appears to be co-opting some of his achievements. As a result, his leadership has so far not undermined her charisma. Meanwhile Thein Sein has helped Aung San Suu Kyi expand her political presence to a point where it is shaking the USDP's support base; in the last special election, USDP candidates lost in all four of Naypyidaw constituencies, where practically the only residents are government officers and their families. This result indicates that the USDP is no longer able to control the voting behavior of the electorate as it did in the previous general election.

It is difficult to imagine that the USDP will hold wide popular support by the time the next elections are held in 2015 or 2016, despite what might be its positive achievements, or that the NLD will develop as an institutionalized political party. Nevertheless, if the current political situation continues and the next elections are truly free and fair, then more than half of the seats in the parliament will most likely go to the opposition. Some political actors who prefer the status quo and gradual transition might not want to let that happen, and of course this expectation can affect the electoral strategies of both the USDP and NLD. The direction that Myanmar takes in the future will be determined by the interaction between its enduring, military-centered power structure and the newly freed opposition under a charismatic leader.

Figure 1  
Government Budget, Defence Ministry Budget and Share of Defence Ministry Budget  
(FY1988 to 2010)

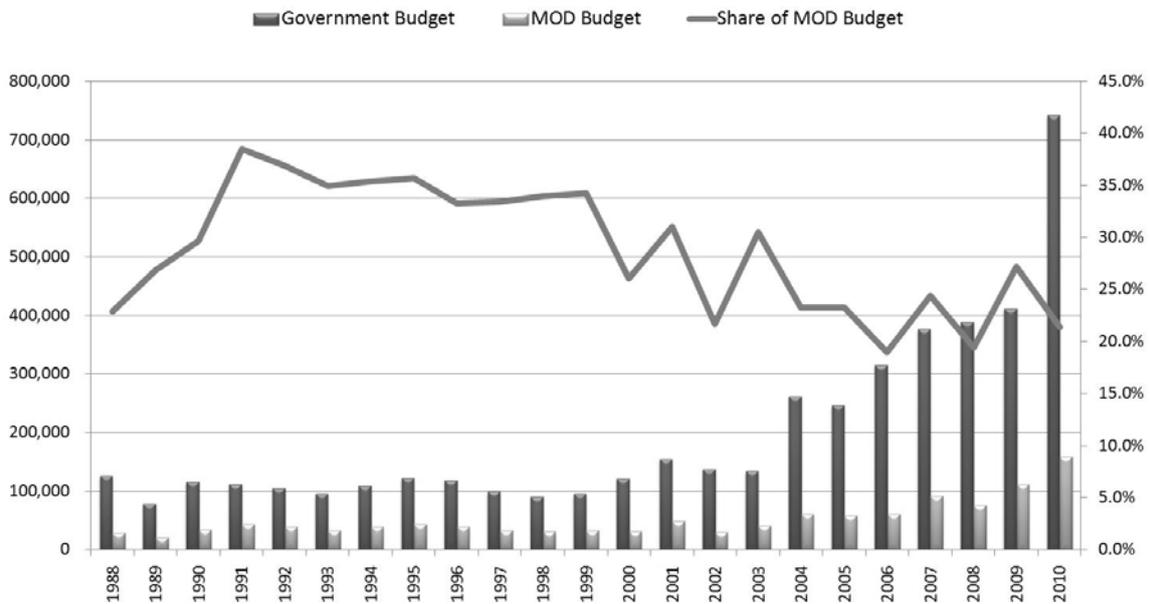
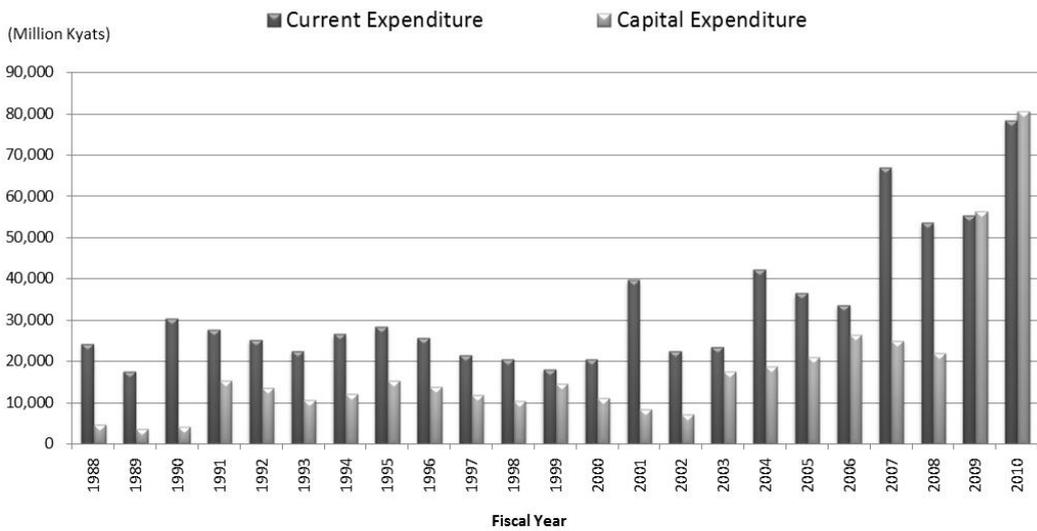


Figure 2  
Defence Ministry Budget in Constant Price (FY1988 to FY2010)



Source) Union of Myanmar Gazettes