



Dr. Wilhelm Hofmeister is Head of the Regional Programme Political Dialogue Asia of the Konrad-Adenauer-Stiftung in Singapore.



Dr. Kerstin Duell is Programme Manager Myanmar and staff member of the Regional Programme Political Dialogue Asia.

A NEW START IN MYANMAR

THE APRIL BY-ELECTIONS AND THE OUTLOOK FOR POLITICAL CHANGE

Wilhelm Hofmeister / Kerstin Duell

In the by-elections in Myanmar on 1 April 2012, the party of opposition leader Aung San Suu Kyi, the National League for Democracy (NLD), achieved an overwhelming victory. While only a small proportion of the seats in the upper and lower houses and the regional parliaments were up for election, the NLD secured nearly all of them (43 out of 45). Even many opposition politicians had not expected the NLD's victory to be so decisive. This election outcome is a clear indication of the people's rejection of the government and proof of the widespread support and high esteem enjoyed by Aung San Suu Kyi.

The elections are evidence of the desire for comprehensive change among the overwhelming majority of the population. People want political reform and a different government, they want economic and social reform to overcome underdevelopment and poverty, they want new forms of participation and a say in the decisions on projects in their immediate environment, and not least they want peace and an end to the decades of armed conflict between the ethnic Burman government and the ethnic minorities. People's expectations are high in Myanmar. But the government will remain in office at least until the next general elections in 2015. It continues to maintain an overwhelming majority in Parliament. And in view of the scale of the problems in many areas the realisation of comprehensive reforms in the economy and in society will likely take a considerable amount of time.

President Thein Sein appears to be determined to drive forward reforms in politics, the economy and society. Aung San Suu Kyi has already stated repeatedly that she trusts

the President. That contributed decisively to the change in attitude on the part of the international community and the wide-ranging suspension of sanctions by the European Union.

The significance of political changes in Myanmar extends beyond the country's borders. There is a great opportunity here for a multi-party democracy to develop, the like of which exists in only few countries in Southeast Asia to date. For a country that was largely shut off and ruled by a repressive military regime for decades, the increasing variety of parties and organisations of civil society is astonishing. However, the great number of parties alone also points to a fragmentation of society.

The return of some exiles and the easing of media censorship are further indications of a development towards democracy. But it is too early to describe the initial transformation as irreversible. The transformation is threatening the political and particularly the economic power of some important groups in the country, most notably numerous members of the military. One can hardly expect these people to simply look on while allowing themselves to be side-lined politically and socially. The inclusion of those segments of society traditionally wielding power will be pivotal to a successful democratic transformation, and a difficult task to accomplish. The enormous economic and social problems are no less important. Myanmar is one of the poorest countries in Asia. It does have great potential. But even given vigorous reform efforts and massive support by the international community, it will take years before the country will catch up to the standard of development achieved by its partners in Southeast Asia.

The inclusion of those segments of society traditionally wielding power will be pivotal to a successful democratic transformation, and a difficult task to accomplish.

The democratic opening up is raising many expectations among all those involved. But alongside the political progress marked by the by-elections of 1 April there are problems and challenges that must be addressed. That will be instrumental in determining future cooperation with the country.

BACKGROUND TO THE 2012 ELECTIONS: THE PARLIAMENTARY ELECTIONS OF 2010

In 2008, the previous military government held a referendum as part of a "Roadmap to Discipline-flourishing Democracy", which is generally considered a farce.

Myanmar, which gained its independence from the British colonial power in 1948, has de facto been ruled continuously by an authoritarian government since the military coup in 1962. The military determines the political process.¹ In 2008, the previous military government held a referendum as part of a "Roadmap to Discipline-flourishing Democracy", which is generally considered a farce.² Not only was the referendum characterised by intimidation and fraud, it was also held shortly after cyclone Nargis, which thrust the population into a humanitarian crisis and took at least 140,000 lives.³

It was on the basis of this constitution that parliamentary elections took place on 7 November 2010. Representatives of the two chambers of the National Congress and of the new regional parliaments in the 14 administrative regions were being elected. In all chambers, a quarter of the seats were occupied by appointed members of the military ("Army Representatives"). This ensured the army's influence on the parliaments. Furthermore, many former members of the military stood as "civilian" candidates of the "Union Solidarity and Development Party" (USDP), which had been newly formed by the regime and won an overwhelming majority in the 2010 elections. In the opinions of the domestic opposition and international observers, these were not free and fair due to a lack of unhampered electioneering and incidents of massive fraud.

- 1 | For an introduction to Burmese military rule: Mary P. Callahan, *The origins of military rule in Burma*, Cornell University, 1996; idem, *Making enemies: War and state building in Burma*, Singapore University Press, Singapore, 2004; Andrew Selth, *Burma's armed forces: Power without glory*, EastBridge, Norwalk, 2002; David Steinberg, *Burma: The State of Myanmar*, Georgetown University Press, Washington D.C., 2001; Robert Taylor, *The State in Myanmar*, National University of Singapore Press, Singapore, 2009.
- 2 | International Center for Transitional Justice (ed.), *Impunity Prolonged: Burma and its 2008 Constitution*, New York, 2009.
- 3 | Ashley South et al., *Surviving the Storm: Self-protection and survival in the Delta, Local to Global Protection*, 2011; Government of the Union of Myanmar (ed.), *ASEAN and the United Nations*, Post-Nargis Joint Assessment, 2008.

Before the 2010 elections, there was heated debate within the opposition over whether or not to participate in the elections. After all, participation would imply recognition of the constitution, which the opposition had strongly criticised and rejected for a long time. The situation was particularly difficult for the most important opposition party, the National League for Democracy (NLD). In 1990, the military did not recognise the NLD's victory in that year's elections and put the leader of this party, Aung San Suu Kyi, under house arrest for nearly 20 years with some intermissions. In 2010, the election legislation had been defined in such a way that Aung San Suu Kyi was excluded from the elections, even if the NLD had decided to take part. Not least because of this discrimination the NLD refused to take part in the elections in 2010. As a result, it lost its party registration. A smaller group of party members actually did advocate participating in the election and founded a new party, the National Democratic Force (NDF). Although the NDF turned out to be the most important national opposition party in the elections, it only won 12 seats in total in the two chambers. Overall, 40 parties had sought registration for the elections in 2010.

In 1990, the military did not recognise the NLD's victory in that year's elections and put Aung San Suu Kyi under house arrest for nearly 20 years.

At a national level, the distribution of seats in 2010 was as follows: The first chamber, called Amyotha Hluttaw (the Upper House, also referred to as the House of Nationalities), has 224 members in total. 168 of these are elected and 56 are Army Representatives. The USDP won 129 seats (58 per cent); the remaining 39 seats went to 15 other parties, including parties close to the government such as the National Unity Party (NUP, five seats) and a number of ethnic parties, which cannot necessarily be considered opposition parties, e.g. the Rakhine Nationalities Development Party (RNDP, seven seats). These parties predominantly represent the interests of ethnic groups and only some of them questioned the basic nature of the regime. Of the genuine opposition parties, the National Democratic Force (NDF) won most seats, but only four in total.

In the second chamber, called Pyithu Hluttaw (the Lower House or House of Representatives), 330 of a total 400 seats were allocated by way of election, 110 went to the Army Representatives. In this chamber, the USDP won 259

seats (59 per cent). The remaining 71 seats went to 20 other parties, once again including parties close to the government such as the NUP (nine seats) and ethnic parties such as the Shan Nationalities Democratic Party (SNDP, 18 seats) and the RNDP (nine seats). In this second chamber too the National Democratic Force (NDF) was the most important of the genuine opposition parties.

The distribution of seats in the regional parliaments is similar to that in the two national chambers. In these parliaments there are over 200 representatives of the military in total. This meant that the outgoing military government would maintain its influence on the political process and that former and active members of the military would dominate the parliaments.

The new parliaments convened for the first time on 31 January 2011. On 4 February 2011, Thein Sein, Prime Minister from 2007 to 2011, was elected President by the electoral commission of the House of Representatives, a role in which he is simultaneously head of the government. He took office on 30 March 2011. Until the spring of 2010, Thein Sein was a member of the military and during the election campaign of that year he was the chairman of the USDP. He

Many members of the military had given up their military positions before the elections to stand as civilians, usually as candidates of the USDP.

was elected to the House of Representatives with over 90 per cent of the votes in one of the constituencies of the capital Nay Pyi Daw. Like him, many members of the military had given up their military positions before the elections to stand as civilians, usually as candidates of the USDP. When the government was formed in 2011, many of these parliamentarians with a military past were appointed to government posts. A military government had become a "civilian" government, which was, in actual fact, led by former military personnel.

According to a constitutional rule, Members of Parliament lose their seat when they take up a government post. This had triggered the 2012 by-elections. The fact that it was possible for these elections to be conducted as a relatively open process is due to the surprising changes in the political climate and the reforms initiated or condoned by the government.

CHANGES IN THE POLITICAL CLIMATE AND INITIAL STEPS OF REFORM

Myanmar continues to have a government that is de facto formed largely by military members in spite of the elections and the change in government. Nonetheless, the parties which had taken part in the elections soon saw their hopes coming true. When parliaments were convened in spring 2011, new opportunities for political debate and for voicing emerging societal demands did indeed emerge. Political developments have far exceeded expectations expressed in the context of the 2010 elections.

Virtually immediately after the parliaments had been convened, the opposition politicians used their positions as Members of Parliament to put critical questions to the government. While there are no adversarial debates taking place in Parliament, rather only a type of "question time" for the parliamentarians, the opposition representatives used this opportunity, as well as the public arena outside Parliament, with great efficiency to put forward critical questions and comments. What was surprising – even to the opposition representatives – was the fact that the media reported fairly freely on these inquiries.

Parliament found its role within a few months. The parliamentarians are actively involved in legislative processes and have mainly sought to further reforms in certain areas. They have advocated increased spending on education and health. There is a debate taking place over

a new labour law, which even envisages the setting up of independent trade unions. A new land and agriculture law is under discussion, and in this context the parliamentarians have repeatedly rejected the responses to parliamentary questions provided by the Minister for Agricultural Affairs as inadequate. Parliament passed a new party law, which provided the necessary conditions for the re-registration of the NLD amongst other things. In January 2012, the government finally brought the draft of the national budget before Parliament for the first time, which was then discussed. One of the facts that emerged was that nearly a quarter of the national budget goes to the military budget (a fact that was not questioned or criticised publicly – there are still

Parliament passed a new party law, which provided the necessary conditions for the re-registration of the NLD amongst other things.

certain boundaries the parliamentarians must respect), as well as the fact that 94 per cent of the budget is controlled and disbursed by the central government so that the governments and parliaments of the regions and of the ethnic states have virtually no funds at their disposal to use at their discretion.

The initiatives and critical comments at parliamentary level in connection with these events have not come solely from members of the opposition or ethnic parties by any means. USDP representatives and even members of the "Army Representatives" do not vote with the government as a monolithic block, but participate in critical debates and

All in all, a remarkable parliamentary culture has thus developed within the course of a year, which no opposition politician and no domestic or foreign observer had expected.

have on occasion voted against government proposals. Particularly USDP representatives who are well-respected citizens in their constituencies and not former military personnel are no longer happy to blindly support government proposals. All in all, a remarkable parliamentary culture has therefore developed within the course of a year, a turnout which no opposition politician and no domestic or foreign observer had expected. However, neither are parliamentary procedures clearly structured, nor are the relationship and the operating practices between the two chambers of parliament clearly determined.

Parliamentarians in Myanmar work under extraordinarily difficult conditions. To date, they have no personal experience whatsoever, and equipment provided at the parliaments and to the parliamentarians is lamentable. Parliamentarians do not receive a fixed income but merely a modest attendance allowance. They have no budget for offices or staff of their own. Parliament and its committees have very few staff. There are no parliamentary groups. The Members of Parliament are mostly left to their own devices, which of course means that it is impossible for them to properly assess (or even simply read) bills or other government documents. The only parliamentarians in a better position are those belonging to the government party USDP, as they can avail themselves of an infrastructure provided them by their party.

Further measures attesting to the government's willingness to change include the release of an estimated 600 political prisoners, the lifting of media and internet blocks, which means that foreign media and websites can now be accessed and read without restriction, a declaration by the President of a unilateral truce in the conflict with ethnic armies, as well as the permission for trade unions to be established (for the first time in 50 years). Western governments continue to insist on the release of the remaining political prisoners. According to current estimates by the Assistance Association for Political Prisoners in Burma (AAPPB), these number at least 494, but possibly as many as 1,000. Compared to the earlier number of 2,000 this demonstrates progress. NLD parliamentarians – including many who have had lengthy spells in political detention – demand the immediate release of prisoners. But the government maintains that now only “criminals” remain in prison.

According to current estimates by the Assistance Association for Political Prisoners in Burma, these number at least 494, but possibly as many as 1,000.

President Thein Sein is viewed as one of the drivers of political reform. Not only has he condoned the changes that have taken place so far, he has initiated some of them himself. In a speech held on 1 March 2012 in front of both Houses of Parliament, he highlighted the need for further reform measures and stressed: “We still have a great deal to do, we still have much more progress to achieve.” Numerous Asian and Western media are already portraying the President as a sort of “Burmese Gorbachev”.

In addition to the President, the speaker of the Lower House Thura Shwe Mann – also a former general – is considered an important reformer. But the relationship between the two men is characterised by competition for the reform laurels. Furthermore, Thura Shwe Mann, who has undertaken important state visits within Asia, is also imputed to have more far-reaching ambitions. Not all members of the government support the current or future reforms with the same zeal. Some appear to be waiting to see how the processes will develop or whether the military, which has become totally “invisible” in the political arena since the civilian government came in, will once again begin playing a more prominent role. The First Vice President Tin Aung Myint Oo, for instance, is regarded as being less favourably

disposed towards reform than the President or the Speaker of the House. As a result, there is some uncertainty about the scope of the reforms, not least within the bureaucracy. Many bureaucrats are playing a waiting game – quite apart from their lack of experience with new measures and democratic practices.

THE ELECTIONS OF 1 APRIL 2012

Aung San Suu Kyi began appearing in public once again. She had to avoid any activity that might have been interpreted as a reason for arresting and convicting her yet again.

The by-elections of 1 April 2012 were strongly affected by Aung San Suu Kyi publicly resuming her political activities. Her house arrest had been lifted in November 2010, one week after the elections of that year. She subsequently began appearing in public once again, initially with restraint. She had to avoid activity that might have been interpreted as a reason for arresting and convicting her yet again.

One event that attracted a great deal of attention was her visit to President Thein Sein on 19 August 2011 in the capital Nay Pyi Daw. Although the topics she discussed with the President remained for the most part undisclosed, Aung San Suu Kyi and her NLD party changed their stance regarding the constitution and the political process over the course of the following weeks and months. The NLD, which had refused to participate in the elections in 2010, re-registered after the changes to the party legislation, and once the election date had been set for 1 April 2012, Aung San Suu Kyi and her party launched a country-wide election campaign. In spite of the considerable exertion involved, the politician visited virtually all parts of the country where elections were held. She was greeted by large masses of people wherever she went. Her role as a national leader, in whom the people placed their hope, was confirmed at these rallies. Although only 48 seats were up for election – constituting just under 7 per cent of all parliamentary seats – it became clear from the start of the election campaign that these by-elections would become the nation's verdict.

The NLD as well as the other participating parties were able to conduct largely unhampered election campaigns. There were no more of the obstructions and threats there had been during the 2010 election campaign. Even though the electioneering conditions did not conform to the ideal of the

procedures in a picture book democracy, there was no centrally controlled interference with the election preparations. There were only three constituencies in Kachin State in the north of the country where the election was suspended, allegedly because of renewed armed conflicts with the rebel army in that area. This reduced the number of seats to 45. On election day, people were able to cast their votes freely and in a general climate of hopeful expectation.

The NLD won 43 of the available 45 seats, 39 of them in the Lower House, four in the Upper House and two in Regional Assemblies. The resulting distribution of seats in the House of Representatives was as follows: USDP 343 seats, "Army Representatives" 116 seats, NLD 42 seats, other parties 105 seats. Even on the day before the election, most observers and even opposition representatives had not expected such a clear and massive victory by the NLD. The general expectation had been for the government party USDP to win a fair number of seats, not least the four constituencies of the capital Nay Pyi Daw, because these areas are inhabited practically exclusively by civil servants and employees of the government and of public institutions, who cast their votes there. It was therefore all the more surprising that the NLD won in all four constituencies in Nay Pyi Daw, including the constituency that President Thein Sein had won with over 90 per cent of the votes just two years earlier. One of the successful NLD candidates in Nay Pyi Daw is a hip-hop musician, who does not conform in the least to the conservative character that many observers ascribe to the capital's inhabitants. The winner in another constituency in the capital is a young woman who had been incarcerated as a political prisoner until relatively recently. Aung San Suu Kyi had chosen all the NLD candidates. As is the case in the other parties, the NLD does not yet have clear internal procedures for determining political posts or nominating candidates. The party leader has the last word.

As in the other parties, the NLD does not have clear internal procedures for determining political posts. The party leader Aung San Suu Kyi has the last word.

The USDP and the Shan Nationalities Democratic Party (SNDP) each won one of the remaining seats. This made the defeat of the government party complete. The fact that it had won only one seat was a humiliating outcome. The result achieved by the SNDP indicates that in constituencies

dominated by ethnic minorities the so-called ethnic parties will continue to have the potential to win seats in the future. Although the NLD also won some seats in the ethnic states, the relevant constituencies were mainly located in urban areas with a relatively high proportion of Burmese among the population. In rural areas, the ethnic parties will probably achieve better results in future elections.

In spite of the massive success in the by-elections, the NLD will only constitute a minority group in the parliamentary chambers. It is the strongest party within the opposition camp at the moment, but its influence is modest, at least on the basis of the number of seats it occupies. However, the Member of Parliament Aung San Suu Kyi is likely to play a prominent role in Parliament in the future.

Before Aung San Suu Kyi took up her seat there was public controversy. Initially, she refused to take the oath, which parliamentarians are obliged to do when they take up their seats. Aung San Suu Kyi sought to avoid repeating the wording of the oath, according to which she would have

After a meeting with Ban Ki-moon, Aung San Suu Kyi finally announced that she would speak the oath because the people expected her to participate in the parliamentary sessions.

“to protect the constitution”, which amongst other things cements the dominance of the military. Instead, she demanded changes to the constitution, a central objective of the opposition and of the NLD. But because the government was not prepared to yield on this issue, Aung San Suu Kyi and the other NLD parliamentarians initially avoided the Parliament in April. After a meeting with UN Secretary General Ban Ki-moon on 1 May at her house, Aung San Suu Kyi finally announced that she would speak the oath because the people expected her to participate in the parliamentary sessions. She took the oath on 2 May, inducting her as a Member of the Lower House of Parliament.

This event is an indication of the fact that in spite of her great popularity Aung San Suu Kyi cannot simply reform impediments existing within the system but that there are limits to her influence. However, there are positive indications of further political change. It was announced on 6 May, for instance, that the First Vice President Tin Aung Myint Oo had resigned “for health reasons”. He had previously been considered the most powerful figure amongst

the opponents of reform within the new government. His relationship with President Thein Sein was characterised by numerous differences in opinion regarding the reforms as well as competing power interests. Tin Aung Myint Oo is considered to be very rich and his wealth is rumoured to have been attained by corrupt means. He was a member and 1st Secretary of the former military junta, the “State Peace and Development Council” (SPDC), during a period when the persecution of NLD members increased. Opposition media have voiced speculations that the reason for his resignation has to do with fears on the part of President Thein Sein that this hardliner might stand in the way of a rapprochement with the West.⁴ This indicates that the President and his government want to continue pressing ahead with the reform process.

OUTLOOK FOR THE DEVELOPMENT OF THE PARTY SYSTEM

The clear victory of the NLD will probably have considerable consequences for the development of the party system. In 2010, 40 parties had registered successfully and participated in the elections. Over 20 parties have seats in the national and regional parliaments. This is an indication of a substantial fragmentation of the party system, which might also to some degree be an indication of the fragmentation of society and the prevailing opinions.

The substantial fragmentation of the party system might also to some degree be an indication of the fragmentation of society and the prevailing opinions.

Looking at the parties one can distinguish three camps, which will probably continue to remain for the foreseeable future: the camp of the government parties, clearly dominated by the USDP, the camp of the opposition parties, now dominated by the NLD, and the camp of the ethnic parties, which tend to be concentrated in one or a small number of regions. In spite of its defeat on 1 April, the USDP will remain the dominant party in the parliaments until 2015. How it will deal with its overall not very promising prospects remains to be seen. Even though this party is characterised very strongly by its closeness to the government, many of its Members of Parliament are important local figures,

4 | “Is Burma’s Hardline VP Feeling the Heat?”, *The Irrawaddy*, 4 May 2012; Andrew Buncombe, “Burma’s hardline vice-president quits as reforms gather pace”, *The Independent*, 7 May 2012.

who do not go along uncritically with everything emanating from the government by any means. No doubt at least some of the USDP representatives will want to strengthen their political roles and be able to count on the government's support for local projects as a result. Whether that will benefit them in terms of attracting votes remains to be seen in 2015.

The NLD will be the dominant party in the opposition camp and the number and Members of Parliament of the other opposition parties are likely to diminish. There are currently still frictions between the NLD and the other opposition parties from the period before the 2010 elections. A group had split away from the NLD in those days and formed the National Democratic Force (NDF) to take part

in the elections in spite of the boycott by the NLD leadership and Aung San Suu Kyi. This left a legacy of personal frictions, which are still persisting. Other opposition parties that participated in the 2010 elections had also

The relationship between the NLD and the other opposition parties has therefore not been very close to date, particularly as the other parties fear dominance by the NLD.

spoken out explicitly against the NLD stance at the time. The relationship between the NLD and the other opposition parties has therefore not been very close to date, particularly as the other parties fear dominance by the NLD. Political survival is likely to be especially difficult for the National Democratic Force.

The NLD's recent success is partly due to the fact that the other parties made an important contribution to breaking through the authoritarian system with their participation in the 2010 elections. But the NLD has not acknowledged this fact publicly to date, and such an acknowledgement is probably hardly to be expected. The fact that many of the former "dissidents" still or once again view the NLD as the central opposition party is indicated by the sizable number of people who have already joined the NLD from other parties – including some parliamentarians. This is bound to further strengthen the position of the NLD. Of course the party will have to make strenuous efforts to prepare for future political conflicts, both in terms of organisation and political programme. Currently, it is relying mainly on the myth of Aung San Suu Kyi.

In spite of the likely strength of the NLD, the “ethnic parties” will also continue to have a future in the so-called ethnic states. They are important particularly in the “State Assemblies”, but they will no doubt also retain a presence at the national level. If future elections are conducted with greater freedom and fairness than those of 2010, the ethnic parties will have a good chance of also having parliamentary representation in the two national chambers. But their importance will be moderated to some degree by the fact that there are many frictions within the ethnic groups and consequently also several parties within individual ethnic groups. Now that the entry of the NLD and Aung San Suu Kyi into Parliament has strengthened democratic elements, the ethnic groups are urging more strongly for decentralisation and federalism.

Now that the entry of the NLD and Aung San Suu Kyi into Parliament has strengthened democratic elements, the ethnic groups are urging more strongly for decentralisation and federalism.

CHALLENGES

The key to peace on the domestic political front lies in resolving the conflicts between the government and the ethnic rebel armies as well as between some ethnic minority groups. Further challenges include economic and social policies, which are crying out for reform, as well as the continued censorship and relations with China.

Resolving the Ethnic Conflicts

The ethnopolitical complexity of the region is demonstrated by the existence of over 20 rebel groups, splinter groups, alliances and umbrella organisations.⁵ After decades of war, ethnic leaders had become weary of the burden war meant for the local population. The hope for economic development was a driving factor in the ceasefires. But what they soon all had in common was frustration with the regime, which never genuinely involved the rebels politically. This

5 | For an introduction to the ethnic and communist rebel movements: Martin Smith, *Burma: Insurgency and the Politics of Ethnicity*, Zed Books, London, 1991/1999; idem, *State of strife: The dynamics of ethnic conflict in Burma*, Institute of Southeast Asian Studies, Singapore; Ashley South, *Ethnic politics in Burma: States of conflict*, Routledge, New York, 2008; Bertil Lintner, *The Rise and fall of the Communist Party of Burma*, Southeast Asia Program, Cornell University, Ithaca, 1990.

is why the central political causes of the armed resistance have remained unresolved and some ceasefires were broken.⁶

The military approach of earlier governments had been to set conditions that were unacceptable to the rebels. Since that temporary agreements have been achieved.

Three groups that never made such agreements with the military government are the Karen National Union (KNU) with an estimated 3,000 to 4,000 soldiers, the Shan State Army – South with 6,000 to 7,000 soldiers and the Karenni Army with 800 to 1,500 troops. In addition, there is the smaller Chin National Front (CNF) with 200 to 300 soldiers and the Arakan Liberation Army (ALA) with approx. 100 soldiers.⁷ The approach of earlier governments had been to set conditions that were unacceptable to the rebels, such as surrendering their weapons, committing themselves to a cease-fire and leaving the territories they control before negotiations with the military representatives could even begin. This has changed under Thein Sein's government. Discussions with the Shan State Army – South, the CNF and the KNU have taken place in Thailand. The government has met with the Kachin Independence Organisation (KIO) in China. Temporary agreements have been achieved with all parties except the KIO.

Alongside the 2012 elections, government representatives held meetings with the Karen rebel army KNU with the support of some civil society mediators. Railway Minister Aung Min, who had previously started the dialogue with Aung San Suu Kyi, once again acted as intermediary between the Thein Sein government and the other parties involved in the conflict. On 5 April 2012, a KNU delegation had a meeting with a government delegation in the city of Pa-an in Karen State. The subsequent meeting in Yangon on 7 April between the Head of State and the KNU, which had been considered a terrorist organisation up to then, took on historic dimensions. A 13-point peace agreement between the KNU and the government was produced, which guarantees

6 | Tom Kramer, *Neither War nor Peace: The Future of the Cease-fire agreements in Burma*, Transnational Institute, Amsterdam, 2009; Zaw Oo and Win Min, *Assessing Burma's ceasefire accords*, Institute of Southeast Asian Studies, Singapore; Mary Callahan, *Political authority in Burma's ethnic minority states: Devolution, occupation, and coexistence*, East-West Center, Washington D.C., 2007.

7 | Burma Centre for Ethnic Studies (ed.), *Burma's Ethnic Cease-fire Agreements*, 31 Jan 2012.

the safety of the civilian population amongst other things and envisages the resettlement of internal refugees and the disarming of mines. The KNU has opened a liaison office in the Toungoo district of Bago Region, halfway between Yangon and Nay Pyi Daw.

The ethnic conflicts are so complex that the government has concentrated on the dominant armies to date. Two groups so far wisely ignored by all those involved are the ethnically South Asian and Muslim Rohingya in Arakan State in the west of the country and the ethnically Chinese Wa in Shan State in the east.

The Rohingya came to Arakan State as labourers from what was then East Pakistan (now Bangladesh) in the 1960s and were soon perceived as a threat by the indigenous Buddhist Rakhine because of their high birth rate. Ever since, government propaganda has depicted the Rohingya as foreigners, although historic links with the Indian subcontinent and Buddhist and Muslim influences go back all the way to the sixth century. Today, the situation of the Rohingya as stateless persons in Myanmar and as refugees in unofficial camps in Bangladesh and Malaysia is even more devoid of hope than that of other ethnic minorities. They have practically no chance of obtaining asylum in the West. Furthermore, the Rohingya have very little presence in inter-ethnic political groupings or umbrella organisations of the exile movement and are therefore cut off from respective fund providers. Muslim states in Asia are showing little solidarity, and as illegal refugees the Rohingya are subject to the "usual" human rights violations rife in those countries.⁸

The United Wa State Army (UWSA) was formed in 1989, when the communist rebel movement broke up at the end of the Cold War and split into four subgroups along ethnic lines. They all took to illegal activities, including drug trafficking. Although the UWSA recruited its over 30,000 soldiers through ethnic affinities, the Wa do not fight for minority rights, but are an army of illegal drug

Although the United Wa State Army recruited its over 30,000 soldiers through ethnic affinities, the UWSA does not fight for minority rights. It is an army of illegal drug traffickers.

8 | Cf. numerous publications by Rohingya expert Chris Lewa, *Physicians for Human Rights, Stateless and Starving: Persecuted Rohingya Flee Burma and Starve in Bangladesh*, Physicians For Human Rights (PHR), Cambridge, 2010.

traffickers. Without prior approval not even the Burmese army is permitted to enter "Special Region No. 2", which was conceded to them by the government at the time. The Wa, who speak Mandarin, maintain good relations with China and are equipped with state-of-the-art weapons.⁹ In 2003, the UWSA was classified as a drug cartel in the USA, and individual members were prosecuted in absentia even prior to that time.¹⁰

Myanmar is the second largest opium producer worldwide after Afghanistan and the largest producer of amphetamines and other narcotics.¹¹ Cultivation and production take place under the UWSA's supervision in Shan State

and close to the border between Thailand and Myanmar.¹² The previous military government had no intention of taking action against the UWSA or money laundering.¹³

One of the things expected from Thein Sein's government is that it will put an end to the links between top military commanders and local militias involved in drug trafficking.

Now, one of the things expected from Thein Sein's government is that it will put an end to the close links between top military commanders and local militias involved in drug trafficking.¹⁴ But even if the political will were to exist, this would be a lengthy process.

- 9 | Sai Zom Hseng, "UWSA Readies for Air Strikes", *The Irrawaddy*, 11 Apr 2011; Ko Htwe, "WikiLeaks Cables Show China's Support for UWSA", *The Irrawaddy*, 5 Sep 2011.
- 10 | Drug Enforcement Administration (DEA) (ed.), "Eight High-Ranking Leaders Of Southeast Asia's Largest Narcotics Trafficking Organization Indicted By A Federal Grand Jury In Brooklyn, New York", 24 Jan 2005, <http://justice.gov/dea/pubs/states/newsrel/nyc012405.html> (accessed 11 May 2012).
- 11 | As an introduction to the drugs problem: Bertil Lintner, *Burma in Revolt: Opium and Insurgency since 1948*, 2nd Edition, Silk-worm Books, Chiangmai, 1999; Smith, n. 5; Alfred McCoy, *The Politics of Heroin: CIA complicity in the global Drug Trade*, New York; Mizzima News (ed.), *India-Burma drug cultivation, consumption and trafficking: A report on the drug condition in the India-Burma border areas*, New Delhi, 2003.
- 12 | Tom Kramer und Martin Jelsma, *Tackle Burma's drugs problem*, *Foreign Policy*, 30 Mar 2012, as well as numerous publications of the same authors on behalf of the Transnational Institute in Amsterdam.
- 13 | Bertil Lintner and Michael Black, *Merchants of Madness: The Methamphetamine Explosion in the Golden Triangle*, Silk-worm Press, Chiangmai, 2009; numerous reports by the U.S. government as well as international non-government organisations.
- 14 | Brian McCartan, "Thein Sein's drug problem", *Asia Times Online*, 27 Apr 2012, http://atimes.com/atimes/Southeast_Asia/ND27Ae01.html (accessed 11 May 2012).

There are numerous further examples of the intertwining of economic and ethnopolitical interests in the ethnic areas, which are rich in natural resources. One of the significant consequences of the end of the Cold War was that many rebel armies were cut off from former business partners and weapons sources. In addition, the anti-terror laws of many western countries enacted after 11 September 2001 placed armed groups under the general suspicion of being involved in terrorist activities. This led to the fund providers of the exile movement and countries willing to accept refugees keeping their distance from Burmese rebels.

Economic and Social Policies

The challenges now facing the government are great.¹⁵ Because of the lack of unity and stability of the multi-ethnic state as well as the ethnic conflicts, Myanmar is one of the poorest and most underdeveloped countries of the world. Myanmar is ranked 149th of 187 countries in the *Human Development Index* of the United Nations. A third of the population, which is estimated at 54 million, is living below the national poverty line. Average life expectancy is 50. As doctors have been documenting for decades, the combination of acts of war, human rights violations, lack of state capacity and control particularly in border areas have resulted in epidemics amongst other things.¹⁶ 240,000 people are currently living with the HIV virus – only a fraction of them receive the life-prolonging anti-retroviral therapy (ARV). Furthermore, ARV drugs must be administered in precise dosages and taken at the same time every day. If these medical procedures are not followed, new HIV strands may develop that are resistant to ARV therapy. Myanmar also has one of the worldwide highest rates of infection with tuberculosis (HIV positive patients are particularly prone to developing tuberculosis in

Myanmar is ranked 149th of 187 countries in the Human Development Index of the United Nations. A third of the population, which is estimated at 54 million, is living below the national poverty line.

15 | Kerstin Duell, "Non-Traditional security threats, international concerns, and the exiled opposition", in: V. R. Raghavan (ed.), *Internal Conflicts in Myanmar: Trans-National Consequences*, Vij Books, New Delhi, 2011, 38-98.

16 | Eric Stover et al., *The gathering storm: Infectious diseases and human rights in Burma*, Open Society Institute, University of California, Berkeley and John Hopkins Bloomberg School of Public Health, 2007; Chris Beyrer, "Accelerating and Disseminating across Asia", *The Washington Quarterly*, 24(1):214, 2001.

advanced stages of the disease). Malaria is a further major cause of death. Large parts of the country have no health-care provision or functioning education system, let alone electricity, infrastructure or a banking system. A large proportion of the national budget has always gone to the military; the former government invested virtually nothing in health and education. The supply of electricity represents one example of how state priorities always focused on state income and not the wellbeing of the population. The country thus exports energy, whereas not even all the inhabitants of Yangon, the largest city in Myanmar, can be supplied with power.

Transparency with respect to the national budget should play a key role in the reform process, but there have been no signs of significant improvement since the new government took office.

Myanmar's economy is partly based on illicit income from the drug trade and to a large extent from the sale of natural resources, particularly oil and gas but also precious stones, with only one per cent of the revenue from the sale of gas actually flowing into the official state coffers according to the International Monetary Fund. Transparency with respect to the national budget should play a key role in the reform process, but there have been no signs of significant improvement in this area since the new government took office. The government did publish a budget at the end of last year for the first time, but at most the published figures reflect tendencies rather than accurate facts because of the lack of a statistical base.

In addition, the exploitation of resources and particularly the construction of gas pipelines are taking place under the protection of the security forces and involve expropriation without compensation, the breakup of village communities and displacement of its inhabitants, the suppression of protest as well as human rights violations. In March 2012, nine activists protesting against these practices in connection with the Shwe gas project were arrested.

There is no system to raise taxes that could help to finance the development of state institutions. On the other hand, there are many forms of arbitrarily exacted levies, which included forced labour in the past – euphemistically called “Community Work” by the military regime. This practice was so widespread that the International Labour Organization (ILO) threatened to expel Myanmar and opened a

representative office in the country after some negotiations. This is just one example of where a rethink is required to change such practices in future.

Corruption represents an inherent problem, which undermines the economy. In its *Corruption Perceptions Index*, the NGO Transparency International ranks Myanmar as one of the most corrupt of 183 states, together with Afghanistan, North Korea and Somalia. The European Union has approved legislation modelled on the 2010 Dodd-Frank Act from the USA, which forces energy companies to divulge their payments to foreign governments. Under this legislation, Total and Chevron would be amongst companies operating in Myanmar that would need to make their involvements in the Yadana und Yetagun pipelines transparent.

There are still too few civil society institutions, which could replace the military as the “state within the state” and take over functions in the course of development processes. The military itself has prevented the development of such institutions since the late 1950s. The establishment of a civil society is a great challenge and a prerequisite not only for political transformation but also for the socioeconomic development of the country. The state also lacks the required manpower and administrative structures to draft laws and reform policies and to implement them.

Decades of mismanagement, neglect and self-imposed isolation have brought about such a multitude of socioeconomic problems that Myanmar is ranked as one of the 18 “failing states” of the world in the annual comparison conducted by the U.S. Fund for Peace and the *Foreign Policy* magazine, together with African states as well as Afghanistan, Iraq, Pakistan and Yemen. If there is an appropriate test in this context, it would entail the country demonstrating that all the state and non-state actors are capable and willing to work together. Multilateral institutions such as the IMF and the World Bank have already promised assistance with the development of state institutions and with the implementation of economic and social reforms. The Asian neighbours, the USA and not last the European Union and EU member states will now have to reorient and intensify their existing development cooperation, or resume where it had been suspended.

The Role of the Media

Press freedom as a further element of a pluralistic society will play a decisive role in taking the debates held in Parliament to the wider public and giving citizens the opportunity to share in the political process. Myanmar's traditionally extreme censorship not only required the media to pass several instances of official censors prior to publication, but also extended to virtually all aspects of public life. In their efforts to promote knowledge about HIV, for instance, the United Nations and NGOs had to overcome many obstacles posed by state censorship. The only periods during which Myanmar briefly experienced phases of freedom of the media were the 1950s and 1988. The traditions of journalism, political cartoons and cabarets made a comeback whenever censorship was relaxed. Political cabaret artists such as Zarganar and the Moustache Brothers gained a degree of celebrity during these phases, but their activities ended in political imprisonment.

Critical thinkers held discussions and published material in the underground. They are now ready to fill the space created by the opening up of the media landscape.¹⁷ Journalists at home and in exile are urging for a quick and genuine end to all censorship, which continues to exist in a less severe form. At the end of March 2012, a few journalists of the Burmese exile media travelled to the country for the first time since 1988 to take part in a media conference with the government. When the conference had come to an end the journalists demanded in a statement that censorship be lifted, otherwise reforms would not be taken seriously, particularly as the political prisoners include some journalists. On the occasion of World Press Freedom Day, Deputy Minister at the Ministry of Information Soe Win declared the lifting of "unnecessary censorship" on 3 May 2012, without however divulging any details.

On the occasion of World Press Freedom Day, the Deputy Minister at the Ministry of Information declared the lifting of "unnecessary censorship", without however divulging any details.

17 | Cf. among others Anderem Emma Larkin, *Secret Histories: Finding Orwell in a Burmese Teashop*, Penguin, 2004, or a film, which received the Oscar for best documentary in 2010 and other awards *Burma VJ – Reporting from a Closed Country* by Anders Østergaard.

It is likely that the Burmese media currently in exile will return in the mid-term. Mizzima News, which was founded by activist Soe Myint, has already opened an office in Yangon. But the decisive factor will be official guarantees of safety, both for all journalists and for activists returning from exile.

The Role of China

China has become the most important investor in Myanmar in recent years. Various major infrastructure and energy projects are of direct interest to China. These include primarily an oil and a gas pipeline, which both run over a distance exceeding 700 kilometres from the Gulf of Bengal through Burmese territory to the southern Chinese province of Yunnan and which are being constructed by the China National Petroleum Corporation (CNPC). In addition, there are various dam and hydraulic power projects, the power from which is to be sold to China amongst others. Chinese companies and Chinese workers are constructing these projects with Chinese money. There have been protests against these projects in various parts of Myanmar, because local settlements and communities were expropriated and driven out or because minimum working standards were not observed when Burmese workers were employed. The fact that the government has become more sensitive to such protests is illustrated by President Thein Sein's announcement that construction work had been halted at the Mytson dam project, also financed by Chinese investors, against which there had been particularly extensive protests.

As the political opening is raising expectations for new investment from Asia and particularly also from the USA and Europe, this will at least moderate China's position as the most important investor. Whether and how China will respond to the new situation remains to be seen. The border areas with China are amongst the zones of ethnic conflict and Chinese territory served repeatedly as a refuge for rebel groups. Burmese refugees found protection from the army and the conflicts in China. The People's Republic

China can play an important role in resolving the conflicts, which greatly affect the political stability of the neighbouring country.

can play an important role in resolving the conflicts, which greatly affect the political stability of the neighbouring country.

OUTLOOK

With the by-elections of 1 April, Myanmar has suddenly become a recognised member of the international community. It is not only Aung San Suu Kyi who is admired for her decades of battling the regime. President Thein Sein is also held in great esteem these days for the reforms he initiated. The fact that the international community recognises the political process of opening is illustrated by U.S. Foreign Minister Hillary Clinton announcing a relaxation of

Aung San Suu Kyi, who had previously always defended the sanctions, explicitly endorsed the temporary and conditional lifting of the sanctions.

the sanctions just two days after the elections. Similarly, British Prime Minister David Cameron advocated a "suspension" of virtually all EU sanctions while standing next to Aung San Suu Kyi during a visit to Myanmar on 13 April, which was arranged at short notice. As the UK had stood solidly behind the EU sanctions against Myanmar for years, this was a decisive change. Aung San Suu Kyi, who had previously always defended the sanctions, explicitly endorsed the temporary and conditional lifting of the sanctions proposed by Cameron in order to support the reformers and keep those opposing the reforms in check.

On 23 April, the European Union suspended its sanctions for one year with the exception of the arms embargo. Canada has also suspended sanctions that had been amongst the strictest of all, but is retaining embargos against arms and any assistance for military purposes as well as frozen assets and the prohibition of transactions by certain persons and corporate bodies. Australia has ended sanctions and is encouraging trade and investment in the country. Particularly due to the ongoing ethnic conflicts, the USA has argued against the total cessation of sanctions, but it is facilitating financial transactions by U.S. NGOs for humanitarian and development aid, for instance. Japan ended its 25-year suspension of development aid and waived roughly half of Myanmar's debts, a sum amounting to the equivalent of 3.7 billion U.S. dollars. The end to the sanctions represents an important step for the country's integration into the international community of states and will

create the conditions for an intensification of international collaboration.

In comparison with other underdeveloped states in the region, Myanmar has received relatively little official development aid since 1988. In 2010, it was 7 U.S. dollars per head compared to 50 U.S. dollars in Cambodia and 33 U.S. dollars in Vietnam. This amounts to very large sums of money when tracked over decades. Governments and multilateral organisations are now aiming to collaborate on development to alleviate the widespread poverty and general underdevelopment. Many new donor institutions will come into the country, resulting in a high level of liquidity, avoidable duplication of work and competition amongst the indigenous organisations for funds and amongst donors for local partners.

The objectives and coordination of development assistance depend on the interplay between funding and implementation. Without proper guidelines, a too rapid inflow of funding that cannot be absorbed by the local economy will be counterproductive. The same goes for donor expectations of quick results. The Myanmar Government thus needs to understand that investment only produce the desired long-term results, if embedded in proper planning. This means that policies, i.e. sensible reform projects, and priorities will play a much more decisive role than funds.

The reforms have progressed at such a swift pace that there has been no time to formulate long-term strategies. The Myanmar Government therefore needs to design policies for economic and social development, while communicating national priorities to international governments and donors. However, the government lacks capacities and experience in development which hampers both reforms as well as the evaluation of international project proposals.

The government lacks capacities and experience in development which hampers both reforms as well as the evaluation of international project proposals.

However important international aid will be for the country in the foreseeable future, it cannot be a substitute for the country's own initiatives and particularly also the political will of the government and important political, economic and social groups to support reforms. Only a broad consen-

sus to continue the reform process will ultimately yield a political transformation. The by-elections have shown that this consensus is possible.

Seeing the Nobel peace laureate in Parliament has been a dream for many Burmese. The country owes the magnitude of international attention largely to Aung San Suu Kyi's charisma and her Gandhi-inspired non-violent resistance. She is the icon of Burmese democracy. Of course other people and organisations in the country and in exile have also made important contributions allowing the current political phase to be reached. But without Aung San Suu Kyi's contribution it would not have been possible.

The question remains to what extent she will be able to do justice to the hopes and expectations of the population. She still has no formal position of political power, as the NLD only holds 6.4 per cent of all parliamentary seats, although this can be improved to some extent by a few MPs defecting from other parties before the 2015 elections. It is however likely that Aung San Suu Kyi will exert considerable political influence in Parliament and through informal collaboration with Head of State Thein Sein. Her words carry weight. Her meetings with the President have already been instrumental in paving the way for various important developments. International confidence and willingness to cooperate in the reforms depend to a large extent on Aung San Suu Kyi's evaluation of the country's position, as was shown, for instance, during the visits by the British Prime Minister and the UN General Secretary.

Aung San Suu Kyi has achieved an important milestone after decades of non-violent resistance against dictatorship. Doubtless, she is also conscious of her power. Her struggle for democracy and for her own position of leadership has just begun.