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The currency wars

Neither fair nor equitable

*With Aung San Suu Kyi's release, slow process of change continues*

# Burma's gradual transition

Burma's elections were a sham, and the release of Aung San Suu Kyi soon after was hard to interpret as a gesture. But the country is changing politically, probably for the better, although not in any way the outside world can yet comprehend

**by Renaud Egreteau**

A week after the elections of 7 November, the Burmese junta released the main opposition figure, and Nobel Peace Prize laureate, Aung San Suu Kyi. But the euphoria then masked the reality of the political landscape, which, despite its evolution, remains dominated by the armed forces (Tatmadaw). For many, the sham ballot and the transition process begun by the junta in 2003 – a "road map towards a disciplined democracy" – only confirmed the political role of an anachronistic military dictatorship (1).

However, there are considerable national and local transformations in the army and the opposition. The army is the only structure that seems to be truly organised, hierarchical and capable of intervening in all areas of political, economic and cultural life. It has dominated the Burmese state for over half a century. Its authority has not been challenged by any unified opposition, not even by Aung San Suu Kyi as leader of the National League for Democracy (NLD). Since independence in 1948, the decades of civil war, Burma's unique geopolitical location between India and China, and the militaristic traditions inherited from the anti-colonial struggle and a fascination with imperial Japan have meant there are few competing institutions.

So Burma's present problem is not replacing a military dictatorship with a complete democracy, even one supported by Aung San Suu Kyi, but anticipating how the army's dominance will evolve as it moves from "praetorian" (direct and absolute) power to something less direct and slowly comes to terms with challenges to its omnipotence. Accepting that Burma's nascent civil society is plural might eventually lead to gradual democratisation. That is needed to stop the criminalisation of Burmese society (a mafia-like business world, drug barons, armed ethnic militias), which is quick to turn to political violence and torn apart by financial and political conflicts of interests around the omnipresent military regime. Is that an unrealistic expectation? Perhaps, but the elections are a part of this dynamic: the fifth step (of seven) of the transitional strategy (2). Even Aung San Suu Kyi accepts that a "transition" is necessary. "I don't want to see the military falling," she said. "I want to see the military rising to dignified heights of professionalism and true patriotism" (3).

Despite repeated purges during the past decade that rejuvenated the military hierarchy by sidelining potentially reformist elements, the junta faces its most important generational transformation. The last two survivors of the coup of 18 September 1988, Generals Than Shwe and Maung Aye, both in their 70s, are preparing to exit, and with them their family clans and civil and financial support networks. So far, no charismatic figure has emerged among the new arrivals, nor is it likely to since the old guard are eager to weaken struggles for influence in a new faceless regime.

The political-military situation will become more complex over the next decade with the creation of a bicameral national parliament and 14 decentralised local governments and parliaments (the 13 military regions are to be maintained). The current rulers believe this evolution will balance the forces, making it possible to contain internal rivalries and ensure their gradual withdrawal from power. In parallel, the government will shift towards a system that is still autocratic, but where intervention by the army will happen in civilian guise, through such groups as the new Union Solidarity and Development Party (USDP) or business circles dedicated to defending their interests. The army will also give new opportunities to its members, as well as to the circles of CEOs that have supported it till now.

This year, there have been several reshuffles inside the ruling class. Others are still to come. Beside these internal upheavals, the privatisation of state enterprises (particularly in the energy sector and management of ports and banks) was re-launched in February – and this gives "retired" officers or their families new ways to get rich. Many are taking over businesses – import-export, communications, oil or banking – that were previously in the hands of the army; they can try to form new conglomerates that may one day rival existing economic heavyweights, such as the Htoo Group owned by the entrepreneur Tay Za.

As in Indonesia and Thailand, clientelist patronage by former military turned businessmen ensures some protection for the regime. This strategy aims to prevent the emergence of a civilian opposition force among former soldiers. Currently, these soldiers are more preoccupied with managing their capital than with political power. So they are forced to have cordial relations with a monopolistic state sector that still dominates the formal economy and orchestrates the distribution of wealth. But nothing guarantees the success of the transition strategy. Managing the rising economic forces, among the military and beyond, may be particularly delicate as it will produce new struggles for influence.

Many observers believe that the generals, having agreed to hold elections (however controlled) merely swapped their military uniform for the traditional *longyi* of Burmese politicians; it's all the same. But this analysis is simplistic. The refashioning of the state apparatus that will follow the elections will not be a foregone conclusion: the passage from military to civilian rule, and the politico-military landscape being sketched out, are likely to generate new internal tensions in the current regime (though without threatening its foundation).

## A great many unknowns

How will roles be divided between the military hierarchy, almost omnipotent until now, and the new civil and parliamentary apparatus (mainly) embodied by the USDP? The USDP was formed out of the Union Solidarity and Development Association (USDA), headed by Than Shwe since 1993 and despised by the army, where membership is obligatory. The USDP is made up of former junta officials, and also of civilian notables and businessmen. It is no surprise that this party easily won the November elections (officially the USDP gathered 76.5% of the votes) (4), the results have still not been declared). But the USDP's future relationship with the army must still be defined, as must its relations with other movements that are also said to be close to the armed forces. These include the National Unity Party (NUP), described in the 1990 elections (5) as "the party of the army and the old regime", but whose role as arbitrator might yet be decisive in future parliaments.

Another question surrounds future relations between the highest-ranking officers of the Tatmadaw – the rising generation of generals Myint Aung, Ko Ko, Min Aung Hlaing and Kyaw Swe, all in their 50s – and the old guard: ex-generals Thein Sein, Thura Shwe Mann, (Thiha Thura) Tin Maung Myint Oo and Maung Oo have all retired (willingly or not) to take part in the new parliamentary game, and have all been elected as representatives. How will the conflicts of interest be worked out between clans, in particular between the commanders of the 13 military regions, who are still appointed by central government, and the future (elected) chief ministers of the 14 federal entities, whose territories do not correspond to the military regions?

The elections have also accentuated profound divisions within the democratic opposition. The opposition will not be able to unite around Aung San Suu Kyi and her historical creation, the NLD, which is now illegal. Other democratic forces have appeared, ignoring Aung San Suu Kyi's election boycott and participating in the junta's electoral game. There is the National Democratic Force (NDF), whose principal leader Khin Maung Swe, a former NLD member and political prisoner released in 2008, is one of the main opposition figures. Other (ethnic) groups have also distanced themselves from the NLD and its former allies, such as the Shan Nationalities League for Democracy (SNLD) and the Rakhine Nationalities Development Party (RNDP), though without adopting a common programme. In the new (legal) opposition created by this first electoral exercise in 20 years, there is likely to be internal strife between pragmatists (the newly elected) and idealists (the NLD).

Future internal political debates will also revolve around the power and role of the new parliamentarians, including those in the rare democratic or ethnic circles that now have a "legal" basis for expressing themselves, as a result of taking part in the elections (unlike the NLD). An opposition force distinct from the NLD is now recognised by the regime, however heterogeneous and ideologically fractured, and despite the low number of seats it won in the elections. Activists now have a field of action. It may be limited but it is legal. Will the military hierarchy – current and future – decide to work with this new, tolerated (and very critical) opposition?

The elections of 7 November, though marred by fraud, were neither a step backwards nor real progress. The opposition will from now on appear more plural and less dependent on Aung San Suu Kyi, who will struggle to translate the popular momentum since her release into an effective unifying strategy, as she did when she was released in 1995 and 2002. She may now turn out to be more skilful at reconciling an international community with a Burma that has been ostracised for too long. Its slow democratisation owes nothing to chance. It is consistent with its recent history. Burma's generals seem to be able to understand and use the arcane strategies of today's world, adapting them to the political culture of their own society. They may be soldiers or democrats but, like Aung San Suu Kyi, they are Burmese first.

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(1) See André Boucaud and Louis Boucaud, "Burma: an election foretold", *Le Monde diplomatique*, English edition, December 2009.

(2) The road map demands in turn: convening a national convention responsible for drawing up a new constitution (2004-07); taking the measures necessary to establish a democratic regime (2007); drawing up the constitution (2007-08); organising a constitutional referendum (10 May 2008); organising parliamentary elections according to the principles of the new, ratified constitution (7 November 2010); arranging sessions of the new national and local parliaments; establishing a modern and democratic nation, led by a head of state and a government elected by the national parliament.

(3) John Simpson, "Aung San Suu Kyi aims for peaceful revolution", BBC, 15 November 2010.

(4) Many ethnic areas did not take part in the elections, for example the Kayin (Karen), Kachin and Wa zones.

(5) In the elections of 27 May 1990, the NLD garnered 57% of the votes and 82% of the seats in government. The junta never recognised these results.