

7-2005

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# IS REGIME CHANGE ENOUGH FOR BURMA?

## *The Problem of State Capacity*

\_\_\_\_\_ Neil A. Englehart  
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### Abstract

The U.S. and the EU employ sanctions to encourage regime change in Burma. This policy ignores serious problems of state capacity that impede a transition to democracy and would plague any transitional regime. Engagement with the current regime on issues of state capacity would improve the chances for a transition.

Since 1990, when the military government of Burma/Myanmar<sup>1</sup> refused to recognize the results of national elections, international attention has centered on the relationship between the junta and the opposition, led by Aung San Suu Kyi and the National League for Democracy (NLD). Focusing on the military government's highly charged and clear-cut repudiation of democracy, however, diverts attention from more fundamental problems in the country—problems that must be addressed before a transitional government would be viable.

The United States government has adopted a hard-line policy of sanctions and diplomatic isolation, prioritizing the release of Aung San Suu Kyi from house arrest and a transition to democratic rule under the NLD as its core

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1. Although the government has changed the official name of the country from Burma to Myanmar, much of the discussion in this article refers to the period when it was known as Burma. To avoid confusion, I employ the name Burma consistently here.

*Asian Survey*, Vol. 45, Issue 4, pp. 622–644, ISSN 0004-4687, electronic ISSN 1533-838X.  
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policy goals.<sup>2</sup> This policy is simultaneously too difficult and too easy. It is too difficult because the policy requires a complete transformation of the regime before sanctions can be lifted. Even significant partial steps, such as increased cooperation on drug issues and the release from house arrest of Aung San Suu Kyi for a time in 2002–03, have not met with a positive response from the U.S. Yet, the policy is also too easy, because it suggests that political and human rights reforms are all that is necessary for Burma. It ignores the deeper structural conditions that led to the origins of military rule in the collapse of democracy 50 years ago. The first democratic regime in Burma failed because of the weakness of the state apparatus. Advocates of democracy in Burma today need to look seriously at this failure and consider what changes would be necessary to make a democracy viable there today.

The repressive nature of Burma's government seems to suggest that it is a strong state. While the military government has been able to coerce citizens, spy on opposition groups, and repress dissent, the state apparatus is actually failing in many respects. The civil service has been crippled by repeated purges, politicization, absurdly low wages, and unchecked corruption. These problems are so severe that the bureaucracy has difficulty accomplishing even basic tasks necessary to maintain the regime, such as collecting revenue and supplying the army. The government has virtually ceased to provide services such as education and health care.

In the event of a transition, the new government would require extensive cooperation from the military. Without this it would be unable to govern, leading to the intense localization of politics dominated by local bosses, insurgent groups, military officers, and criminal organizations. A similar dynamic undermined the first, and so far only, democratic regime in Burma, which lasted from 1948 to 1962, with a brief interruption in 1958–60. The failure of this democratic regime paved the way for military intervention in politics from 1958 to 1960, and then continuously from 1962 to the present. The democracy movement that began in the late 1980s was not inspired by the glories of the 1950s; rather, it was motivated by the dismal economic failures of the military regime that has ruled since 1962.

There is growing recognition that the military must be part of any future transitional process in Burma. The strategy of international sanctions and diplomatic isolation has neither encouraged the military to participate in a transition nor laid the foundations for a new environment where cooperation with a new government might appear attractive. Furthermore, sanctions and diplomatic pressure undermine the possibility of rehabilitating institutions necessary for

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2. See U.S. Congress, Public Law 108-61 (July 28, 2003), paragraph 3 (a) (3) (B) <[http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=108\\_cong\\_public\\_laws&docid=f:publ061.108.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=108_cong_public_laws&docid=f:publ061.108.pdf)>.

democratic government to succeed, including an independent judiciary and competent civil service.

### Democracy in Burma: Failure to Failure

At independence in 1948, the Burmese inherited a democratic constitution and a weak state from the British. The British colonial regime had been deeply unpopular and coercive, more resembling a military occupation than a Weberian state.<sup>3</sup> The native Burmese officials it employed were widely mistrusted and notoriously corrupt.<sup>4</sup> During the Japanese occupation (1942–45), the already weak administration collapsed entirely. Private individuals, particularly those with armed followers or connections to local Burma Independence Army (BIA) units assumed authority in many areas.<sup>5</sup> The Japanese never succeeded in imposing an effective administration of their own and in fact worked to undermine the nascent administrative committees established by the BIA for fear they would become a threat to Japanese supremacy.<sup>6</sup>

The resistance movement against the Japanese further eroded the state's control of violence. Competing nationalist organizations had formed militias even before the war. While their members did not carry firearms, most included some sort of military training and drills. These "pocket armies," though not large, were a regular feature of political life in prewar Burma, providing "protection" at political, nationalist, and religious events. Similar groups were part of the nationalist movement elsewhere in British India.<sup>7</sup> In Burma, however, the militias followed a different trajectory. The Japanese invasion trans-

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3. Michael Aung-Thwin, "The British 'Pacification' of Burma: Order without Meaning," *Journal of Southeast Asian Studies* 16 (September 1985), pp. 245–61; Mary P. Callahan, *Making Enemies: War and State Building in Burma* (Ithaca, N. Y.: Cornell University Press, 2003), chap. 1. As a part of British India, Burma was governed by the Indian Civil Service (ICS). At the higher levels, the ICS was staffed almost exclusively by Europeans and met the classic Weberian definition of a legal-rational bureaucracy: it was meritocratic in its recruitment and advancement, employees lived on their salaries, and business was conducted according to regular written rules and procedures. However, employees at the lower levels of the system, including assistants, clerks, messengers, and so on, were often poorly selected and corrupt.

4. James F. Guyot, "Bureaucratic Transformation in Burma," in Ralph Braibanti, ed., *Asian Bureaucratic Systems Emergent from the British Imperial Tradition* (Durham, N.C.: Duke University Press, 1966), p. 366. For a first-hand account by a native colonial official (in Burmese), see "Ludu" U Hla, *Kyunnaw Burokarat* [I am a bureaucrat] (Mandalay: Gyibwayepain Press, 1970).

5. The BIA nominally aligned with the Japanese. Its core was the "Thirty Comrades," who traveled to Japan before the war to seek military training and aid in the struggle for independence from the British. They returned to Burma with the Japanese army but later turned against the Japanese. The Thirty Comrades included Aung San, the great hero of the independence movement, and Ne Win, who ruled Burma as a dictator from 1958–60 and 1962–88.

6. Callahan, *Making Enemies*, chap. 2.

7. Thomas Blom Hansen, *The Saffron Wave: Democracy and Hindu Nationalism in Modern India* (Princeton: Princeton University Press, 1999), p. 92.

formed them into Japanese militia units or Allied resistance cells. Many were linked to criminal organizations and involved in smuggling and black market activities.

After the war, the Indian Civil Service in Burma never recovered even its pre-war level of functionality. Only 70% of indigenous officials and 60% of Europeans returned to duty in 1945, and a high rate of resignations after that year meant that the system continued to degenerate. Those who did return found much of the infrastructure of British rule destroyed, including records, prisons, offices, railroads, telegraphs, and other installations.<sup>8</sup> When independence came, the central government had relatively little control over the countryside and only a limited capacity to govern. The rapid handover of authority to Burmese nationalists in 1947–48 ensured that the British had little time or incentive to build strong institutions.

The Anti-Fascist People's Freedom League (AFPFL) under Aung San enjoyed tremendous legitimacy as a consequence of the anti-colonial struggle, much as the NLD might if it came to power today. Such legitimacy does not guarantee institutional capacity, however. The AFPFL's popularity enabled it to dominate post-independence elections. However, the democratically elected government was handicapped by the dysfunctional state inherited from the British. Like the Japanese occupation regime and the post-war British colonial administration, the independent democratic government suffered from both weak administrative capabilities and lack of control over the use of violence by criminals, local political bosses, and others; it was never able to overcome these handicaps. To get a firmer grasp of the challenges that would face any future democratic regime, it is worthwhile to examine in detail the problems that brought down this first democratic government in Burma.

#### *Lack of Administrative Capacity*

The civil service of newly independent Burma suffered from serious personnel shortages, which led to the hasty and often politicized recruitment of poorly trained personnel. The civil service expanded, but its quality declined. Precise quantitative measures of this decline are lacking, because the civil service did a poor job of collecting and reporting statistical information. One indicator, however, is the changing structure of state revenues. Land taxes, which had been the mainstay of British colonial revenues but are relatively difficult to collect, fell sharply. Non-tax revenues such as Japanese war reparations and fees for services became the largest category of income. Customs duties, which are relatively easy to collect, became the second largest category of revenue.<sup>9</sup>

8. Guyot, "Bureaucratic Transformation," p. 388.

9. Robert H. Taylor, *The State in Burma* (Honolulu: University of Hawai'i Press, 1987), p. 255.

Territorial administration similarly declined under parliamentary rule. The Democratic Local Government Act of 1949 mandated the popular election of local government with executive powers, subject to the approval of higher-level councils. Local bosses and politicians nominally aligned with the AFPFL dominated these councils. Since these bosses often controlled local police forces and pocket armies, they could intimidate the opposition and capture ballot boxes. They used the councils to harass or eliminate local rivals, build armed followings, facilitate legal or illegal businesses, control land distribution, and manage tenants. Local bosses often received concurrent administrative appointments in return for cooperating with the AFPFL government, further strengthening their power.<sup>10</sup> As a result, according to John Cady, “[T]he central authorities were frequently powerless to interfere in district affairs, which were actually being run semi-independently by party henchmen.”<sup>11</sup>

### *Lack of Control of Violence*

After the war, banditry and organized crime fostered by chaotic wartime conditions persisted, in part because local political bosses and criminal gangs controlled private armed forces that the central government could not disarm. The abundance of small armed groups hampered efforts to centralize the control of violence. These descendants of prewar pocket armies and wartime resistance cells were retained in the hands of local bosses and were not accountable to the central government. Their very origins lay in their exclusion from the state:

In the postwar era, when political parties tried to organize and build support throughout the country, the postwar generation of [pocket armies], like other social actors, became logical constituents for the parties, and soon necessary aspects of their apparatus. In this manner [pocket armies] became an indispensable part of what it meant in post-colonial Burma to accumulate and consolidate power.<sup>12</sup>

The pocket armies of the 1950s were better armed than their prewar predecessors. After the war, caches of Japanese and Allied arms were scattered across the country. Mary Callahan estimates that there were between 30,000 and 50,000 weapons hidden during this period.<sup>13</sup> By the standards of today’s collapsed states such as Somalia or Afghanistan, this is not a large number, but given the general disorganization of the armed forces and police, it was sufficient to pose a real threat to public order.

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10. Kyaw Yin Hlaing, “The Politics of State-Business Relations in Post-Colonial Burma,” Ph.D. dissertation, Cornell University (2001), p. 71.

11. John F. Cady, *A History of Modern Burma* (Ithaca, N.Y.: Cornell University Press, 1958), p. 602.

12. Mary P. Callahan, “The Origins of Military Rule in Burma,” Ph.D. dissertation, Cornell University (1996), p. 129.

13. Callahan, *Making Enemies*, p. 107.

Aung San attempted to absorb the pocket armies and organize them for AFPFL purposes by folding them into a national paramilitary organization called the People's Volunteer Organization (PVO).<sup>14</sup> However, this attempt was only partly successful and the later split of the PVO into pro- and anti-government factions negated its usefulness. Pocket armies were finally disarmed only after the 1962 coup.<sup>15</sup>

The weakness of central authority and the proliferation of armed groups encouraged a series of insurrections that nearly overwhelmed the government. Communist insurgents and Muslim guerrillas were already in the field prior to independence, alongside substantial gangs of bandits. In 1948 and 1949, the mainstream faction of the Communist Party of Burma and mutinous ethnic regiments from the army launched their own insurgencies.<sup>16</sup>

Far from causing AFPFL local bosses and the state apparatus to rally together, the insurgencies further undermined state capacity. In desperation, the government struck alliances with local leaders to turn some pocket armies into militias called *sitwundan* (special police reserves).<sup>17</sup> These *sitwundan* were valuable to the government at a time when the army was crippled by defections and hamstrung by insurgent operations that came within a few miles of Rangoon. The *sitwundan* were effective against the insurgents, who seldom had superior weapons or training. However, the program formalized the power of local elites to command what were essentially private military forces. These forces continued to be used to intimidate both the opposition and voters, capture ballot boxes, and ensure the dominance of local bosses aligned with the AFPFL.

Militia leaders often grew politically important in their own right. In many areas, the militia leaders were reputed to be more powerful than state-appointed civilian administrators or even military commanders: they effectively eclipsed the state.<sup>18</sup> Empowering local bosses strengthened the capacity of the central government to resist the insurrection but did so at the cost of eroding the state's capacity to manage violence in the territories it ostensibly controlled. Formalizing

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14. Hugh Tinker, in *The Union of Burma: A Study of the First Years of Independence* (New York: Oxford University Press, 1962), p. 17, characterizes the PVO as "in fact a private army" under Aung San's direction.

15. Callahan, "The Origins of Military Rule," pp. 303–08.

16. The descendants of some of these insurgencies remain in the field today, although the once formidable Communist Party of Burma collapsed in 1989. On the complex history of the insurgencies, see Martin Smith, *Burma: Insurgency and the Politics of Ethnicity* (New York: Zed Books, 1999); and Bertil Lintner, *Burma in Revolt: Opium and Insurgency since 1948* (Chiang Mai: Silk-worm Books, 1999).

17. Andrew Selth, *Burma's Armed Forces: Power without Glory* (Norwalk, Conn.: Eastbridge Books, 2002), p. 156, claims that the *sitwundan* were incorporated into regular army units in 1953, but some were folded into a later program named *pyusawhti*, after an ancient Burmese hero. Independent units flourished until 1962.

18. Kyaw Yin Hlaing, "The Politics of State-Business Relations," p. 73.

the local bosses' control over armed followers helped reconcile the bosses to the government; many were elected to parliament on the AFPFL ticket in the 1951 election. Their accommodation to the central government, however, was predicated on retaining their local authority unchallenged by the state apparatus. The stability of the ostensibly democratic central government, in other words, depended on its confirming the arbitrary power of local bosses.

### State Failure and Democratic Failure

The situation in democratic Burma resembled that in the weak states described by Joel Migdal, in which "the ineffectiveness of state leaders who have faced impenetrable barriers to state predominance has stemmed from the nature of the societies they have confronted—from the resistance posed by chiefs, landlords, bosses, rich peasants, clan leaders . . . through their various social organizations."<sup>19</sup> Migdal's formulation of weak state/strong society, however, has the unfortunate consequence of implying that societies are somehow naturally strong or weak relative to the state. It is the political decisions made by both state elites and the leaders of social groups that determine the relative strength of each. In Burma, AFPFL leaders decided to tolerate a relatively strong society. The military governments that succeeded it have strengthened the state's control over violence and used that to dramatically weaken independent social organizations, but officials have not tried to strengthen other aspects of the state. This has helped perpetuate their power in the short term, at the cost of limiting the state's ability to interact with society and extract resources. The result has been to weaken society without strengthening the civilian part of the state apparatus.

Any government needs a functional state apparatus to rule. Making and enacting policy requires resources, which must be extracted by the state apparatus in the form of taxes and fees. A political system that cannot tax effectively will not be able to do anything else effectively. In addition, any government requires a civil service and military willing and able to enact policy on the ground. Democratic governments have additional special needs: an independent and competent legal system, a professional military under civilian control, and a reasonably honest and professional police force. Authoritarian governments may be able to do without such amenities and in many cases are better off without them. In fact, authoritarian rulers often attack the state apparatus to reduce its capacity to oppose them and to prevent citizens from exercising legal constraints on the regime. Democratic regimes, on the other hand, need a strong state apparatus to protect citizens and provide legal leverage against ruling elites.

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19. Joel S. Migdal, *Strong Societies and Weak States: State-Society Relations and State Capabilities in the Third World* (Princeton: Princeton University Press, 1988), p. 33.

In countries lacking the advantage of an effective state apparatus, private networks of power—such as the local bosses of Burma in the 1950s—overshadow or undermine the state. Migdal describes how landlords, political bosses, and other local elites resist state authority and perpetuate private networks of power in weak states. These local elites can pose significant obstacles to democratic governance. They may block the policies of elected governments, undermining the efficacy of democratic rule. They may be able to corrupt or coerce lower-echelon representatives of the state apparatus whose job it is to implement policy on the ground. They may also attack democracy directly, using force to intimidate political opponents and manipulate elections.<sup>20</sup>

In addition to interfering with the normal, legally prescribed procedures of the bureaucracy, local elites may also undermine the state's control of the use of violence. Local bosses often command considerable means of violence that are not under central control, in the form of gangs of thugs, paramilitaries, militias, or corrupt police forces. In these cases, it is easy for them to manipulate elections by intimidating voters and opposition groups and by capturing ballot boxes. They can thereby undermine democracy very directly. They generally do not challenge the institutions of democracy but rather, shape them for their own ends. For instance, such local bosses often elect themselves, their kin, or close relatives to national office in order to better oversee their interests from the capital. This was common in 1950s Burma.

Guillermo O'Donnell has pointed out the special vulnerability of democratic regimes to weak states. He emphasizes the frustration of legal equality that he identifies with democratic citizenship as being the core problem in areas controlled by local bosses rather than the central government:

Consider those regions where the local powers (both those formally public as well as *de facto*) establish power circuits that operate according to rules which are inconsistent, if not antagonistic, with the law that supposedly regulates the national territory. These are systems of private power (or better, privatized power, since some of the main actors hold state positions), where some rights and guarantees of democratic legality have close to nil effectiveness. This extends to numerous private relationships which are usually decided, even by the judiciary of those regions, on the basis of naked power asymmetries that exist among the parties. These neofeudalized regions contain state organizations, national, provincial, and municipal. But the obliteration of legality deprives the regional power circuits, including those state agencies, of the *public*, lawful dimension without which the national state and the order it supports vanish.<sup>21</sup>

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20. *Ibid.*, chap. 7.

21. Guillermo O'Donnell, "On the State, Democratization, and Some Conceptual Problems: A Latin American View with Glances at Some Post-Communist Countries," *World Development* 21:8 (August 1993), p. 1359.

Essential conditions for democratic governance may thus go unmet because of the weakness of the state apparatus and its inability to control local elites. Even where democratic institutions appear to be functioning, they may be devoid of substance if the central government does not have effective control over peripheral areas. Instead, local bosses neutralize or coopt the state agencies legally charged with providing public goods, diverting them to serve private interests. Such a situation undercuts support for democracy by crippling the capacity of the government to formulate and execute policy.

The rule of local bosses in democratic Burma closely resembled that observed by O'Donnell in Latin America. The result of local boss rule often was increasing lawlessness, unlawful police actions, the use of torture, arbitrary imprisonment and summary executions, limitations on free speech and assembly, a flourishing black market, and declining educational and health services.<sup>22</sup> Local bosses undermined democracy directly by manipulating elections and intimidating the opposition. As a consequence, the coup of 1962 was not vigorously resisted and some Burmese welcomed the end of the failing democratic regime.

### Military Rule

Unlike the civilian government and bureaucracy, the Burmese army under Ne Win had reformed itself in the 1950s. The pocket armies of local bosses could handle the relatively small, poorly armed, often undisciplined insurgent groups. However, as the insurgencies waned after 1950, the army was faced with a new threat that the pocket armies could not handle: the incursion of Chinese Kuomintang (Nationalist Party, KMT) troops into the northern part of the country. The KMT troops were retreating from Chinese Communist forces and setting up camps in Burma from which to reorganize and launch fresh attacks into China. They were supplied by the U.S. Central Intelligence Agency. After a series of operational failures against the KMT troops, Ne Win embarked on a program of capacity building that remade the army into Burma's most efficient and centralized institution.<sup>23</sup>

As a consequence of this reform, the state in Burma developed severe internal tension. The civil service and territorial administration remained ineffective, dependent on local bosses with private armies at their disposal. The military, on the other hand, became a much stronger institution. Over time, the military had less need for alliances with local bosses and began to see pocket

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22. Ibid., pp. 1358–59. A useful illustration of Burmese provincial politics in this period is the memoir of District Officer Balwant Singh, *Independence and Democracy in Burma, 1945–1952: The Turbulent Years* (Ann Arbor, Mich.: University of Michigan Center for South and Southeast Asian Studies, 1993).

23. See Callahan, *Making Enemies*, chap. 6.

armies as a dangerous annoyance. In any showdown with the institutionally strengthened military, the civilian government was at a disadvantage. When in 1958 a split within the AFPFL threatened to provoke a coup from field officers, the beleaguered civilian prime minister, U Nu, handed over power to a military “caretaker government” under Ne Win.

The 1958–60 caretaker government initially appeared to be interested in building state capacity. It disarmed the pocket armies, reduced corruption, and improved bureaucratic efficiency. However, successive military governments in Burma since the 1962 coup have failed to address the country’s on-going governance problems. In many ways, these governments have made things worse. The military’s greatest accomplishment was disarming local bosses and private armies in the Burman heartland, thus consolidating the state’s control of violence. However these regimes have continued to cripple the civil service, leading to a precipitous decline in the delivery of services and reducing the central government’s access to what Michael Mann terms “infrastructural power.” In contrast to the state’s arbitrary coercive power, which Mann refers to as “despotic power,” infrastructural power refers to the state’s capacity to penetrate society with the goal of coordinating and regulating social life. This requires the cooperation of social groups, a process that gives states broader authority over more areas of social life but circumscribes the exercise of such authority with increasingly rule-bound bureaucratic and legal procedures. Thus, Mann says, “[I]nfrastructural power is a two-way street: it also enables civil society parties to control the state.” This interpretation of power means that the “power” of the modern state concerns not ‘state elites’ exercising power over society but a tightening state-society relation, caging social relations over national rather than local-regional or transnational terrain, thus politicizing . . . far more of social life than had earlier states.”<sup>24</sup>

The failure to build infrastructural power has been the central problem of Burma under military rule. Creating a civil service that can provide public services, an honest and reliable police force, and a judiciary that is trusted to deliver fair verdicts without political interference are all essential elements of such a process. Achieving these goals would build the credibility of the state apparatus, making it easier to induce citizens to cooperate voluntarily with the government. Voluntary cooperation requires the government to yield some measure of power to citizens, the civil service, and the judiciary, but it builds a stronger, more reliable state apparatus. The successive military regimes that have ruled Burma since 1962 have not been willing to part with even this small measure of power. This is the primary reason why the military has been able to rule for so long without serious challenges, but the cost has been a

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24. Michael Mann, *The Sources of Social Power, Vol. II: The Rise of Classes and Nation-States, 1760–1914* (New York: Cambridge University Press, 1993), pp. 59–61.

dynamic in which the government can only deal with citizen resistance through oppression. There are no licit means through which dialogue is possible, not even within the newly revived National Convention, which is being run in a highly authoritarian manner.

Far from resolving the problem of civilian administrative capacity, successive military governments have continued to treat the civil service as an adversary, repeatedly purging it and inserting military officers to oversee operations. This policy has undermined morale in the civil service by blocking promotions. It forces civil servants to find patrons in the military for advancement, rather than relying on seniority or performance. Furthermore, the military government pays public servants wages so low that they are forced to find sidelines or extort bribes. This puts the civil service into a predatory relationship with citizens, making it difficult to build healthy relations with private individuals and social groups. The result is that few cooperative relationships develop between civil servants and citizens, thus reducing the potential for opposition to the regime but also curbing the potential for the regime to develop infrastructural power.

Ironically, from 1962–88 the military continued to attack the state apparatus even while trying to organize an ambitious state-run economy under the Burmese Socialist People's Party (BSPP). Although the BSPP collapsed in 1988 and its successor, the State Law and Order Restoration Council (SLORC) repudiated socialism, much of the dynamic of state-society relations today has its roots in the BSPP government.

Although the 1958–60 caretaker government had made modest improvements in the efficiency and professionalism of the civil service, the BSPP government that took power in 1962 perpetuated and exacerbated the pattern of political control over the civil service begun under the democratic government. The BSPP government continued the practice of cronyism, now unchecked by the presence of an opposition party. It also introduced a parallel administrative system staffed by military officers, the Security and Development Committees (SACs). Ancestors of today's Peace and Development Councils (PDCs), these parallel administrative structures effectively undermined the authority of the line ministries in the capital to control staff and programs at the local level. The military officers staffing the SACs then, and the PDCs today, had little administrative or technical training. The result has been to disempower and demoralize the civil service and judiciary.

In 1988, the military's experiment with a state-run economy under the BSPP collapsed. For years, Burma had in fact depended on an unregulated informal sector,<sup>25</sup> without which the economy would have ground to a halt. The BSPP apparently did not understand the importance of the black market, because the

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25. Kyaw Yin Hlaing, "The Politics of State-Business Relations."

party attacked it in 1987 by demonetizing several denominations of bills. The BSPP simply declared this currency worthless; because almost no one kept savings in the poorly regulated banks, many people lost their savings overnight. Mass demonstrations ensued, ultimately bringing down the BSPP government.

Briefly the country seemed poised at what Aristide Zolberg calls a “moment of madness,” when the rules appear to be up for grabs.<sup>26</sup> Yet, the situation was quite different from those breathless moments in Eastern Europe a year later when the Warsaw Pact dictatorships began to collapse. In Eastern Europe, the fall of the regime did not entail the collapse of public order. A relatively functional, neutral state apparatus remained to provide policing and deliver basic services, regardless of the ideological complexion of the regime. In Burma, the situation was quite different. The BSPP had succeeded in destroying the independent state apparatus, fusing the state and regime to such a degree that when the regime fell there was nothing left outside of the military. The fall of the BSPP revealed the true nature of the state-regime relationship: the only element of the state that could survive on its own was the coercive apparatus.

The political crisis was compounded by the fact that no institutions existed to mediate between the military and the demonstrators. There was no way for the military to back down without endangering the physical safety of the senior leadership. It is unlikely that anyone could have given credible guarantees of personal safety to the generals and their families, in part because of the corrupt and ineffective civil service, judiciary, and police forces that a transitional government would have inherited.

By destroying the independent judiciary, the military regime had reduced threats to its own power but also guaranteed that its officials could not be assured of a fair trial, should the regime fail. In the absence of an independent professional police force, their personal safety in custody could not be assured. This element of fear on the part of the military leadership helps explain why the military repeatedly enraged people further with their brutal repression of the demonstrators: they were terrified of losing control and had no way to negotiate a compromise. The lynching of suspected intelligence service officers and informers during the 1988 demonstrations was a small taste of what could be expected if the regime collapsed completely.

The demonstrations and their bloody suppression thus showed that the military had no way to engage hostile elements in society except through coercion. Regime officials had destroyed the competence and independence of the police, judiciary, and civil service in order to consolidate their own hold on power. Lacking these alternative institutional linkages to society—not to mention political parties or interest groups—they had only one means to prevent

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26. Aristide Zolberg, “Moments of Madness,” *Politics and Society* 2:2 (Winter 1971), pp. 183–209.

what they saw as the impending collapse of social order: violence. Violence proved to be insufficient in the short run, as they began to lose control of the country.

In the wake of these events, policing began to break down and looting spread. Local authorities such as monks, influential people, police, and army officers began to organize local administrations on an ad hoc basis to cope with the growing chaos. More ominously for the military, crowds on several occasions lynched known or suspected officers and informers from the intelligence apparatus.<sup>27</sup> Although some opposition leaders tried to prevent some of the lynchings and looting, they were not very successful. Increased government repression also did not initially deter the demonstrators, and even seemed to inflame them. In some cases, the demonstrators responded with attacks on troops using improvised weapons such as *jinglees* (darts made from sharpened bicycle or umbrella spokes, often dipped in poison, and fired from slingshots).<sup>28</sup>

The demonstrations ended only after a group of military officers calling themselves the SLORC constituted itself as an interim authority. SLORC troops unleashed even greater violence but were deployed more systematically. They moved against the leaders of the opposition first and then dealt with the less-organized looters.<sup>29</sup>

Using the army chain of command, SLORC reorganized the administrative system in a relatively short time. Regional commanders were ordered to form state and division-level Law and Order Restoration Councils (LORCs), and local commanders to form township and village LORCs. These served much the same administrative functions that the earlier SACs had. SLORC also promised to hold multi-party elections, which were scheduled for 1990. At the same time, it began a program to significantly expand the army and improve its weapons systems. The elections were held on schedule, with results that surprised the military: their favored party lost. The NLD under Aung San Suu Kyi won a landslide victory, magnified by the disproportionality of the single member plurality district voting rules. The SLORC refused to recognize these results and retained power with neither a constitution nor an electoral mandate.

The SLORC then began negotiating a series of ceasefires with ethnic insurgent groups, substantially reducing the internal armed threats that it faced. In 1997, apparently feeling that its task had shifted from restoring law and order to fostering peace and development, the junta reorganized and renamed itself the State Peace and Development Council (SPDC). The name of the territorial

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27. See Bertil Lintner, *Outrage: Burma's Struggle for Democracy* (Bangkok: White Lotus, 1990), pp. 121–22.

28. *Ibid.*, pp. 74–75.

29. For contrasting views of these events, see *ibid.*; and also Maung Maung, *The 1988 Uprising in Burma* (New Haven, Conn.: Yale University Southeast Asia Center, 1999).

administrative units was changed from Law and Order Restoration Councils to Peace and Development Councils (PDCs), although this entailed no changes of organization, mandate, or personnel.

*The Continuing Problems of Decentralization and  
Administrative Capacity*

Although the PDCs give the impression of having considerable administrative capacity by employing the army chain of command as scaffolding for territorial administration, severe institutional problems continue to plague the Burmese state apparatus today. These problems are not likely to be resolved by the introduction of democracy and may well undermine the possibility of a transition. They fall into two broad categories: lack of administrative capacity and decentralization of authority.

The lack of state capacity results from the long-term policy of undermining the civil service and seeking to replace key officials with military officers. Repeated purges of the civil service have occurred, most recently following the 1988 uprising. Loyalty and patronage remain major factors in appointment and promotion, reducing the overall educational level and technical competence of the bureaucracy. Military officers are still placed in senior positions, blocking promotion based on merit or seniority. This alters the merit incentives for civil servants, so that even those with technical competence have little reason to use it. Instead, they spend time and resources on securing patronage from the more powerful. As under the BSPP, civil servants live by the code of the “three don’ts”: don’t work, don’t get involved, and don’t get fired.<sup>30</sup> In Weberian terms, the civil service resembles a patrimonial rather than rational bureaucracy.

Furthermore, it is increasingly a prebendal bureaucracy.<sup>31</sup> As Figure 1 shows, the real wages of civil servants declined by half between 1989 and 1995. Years of crippling low wages in a highly inflationary environment have forced civil servants to supplement their income in unorthodox or unethical ways.<sup>32</sup>

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30. Compare Maung Maung Gyi, *Burmese Political Values: The Socio-Political Roots of Authoritarianism* (New York: Praeger Publishers, 1983), p. 194, and Kyaw Yin Hlaing, “The Politics of State-Business Relations,” p. 180.

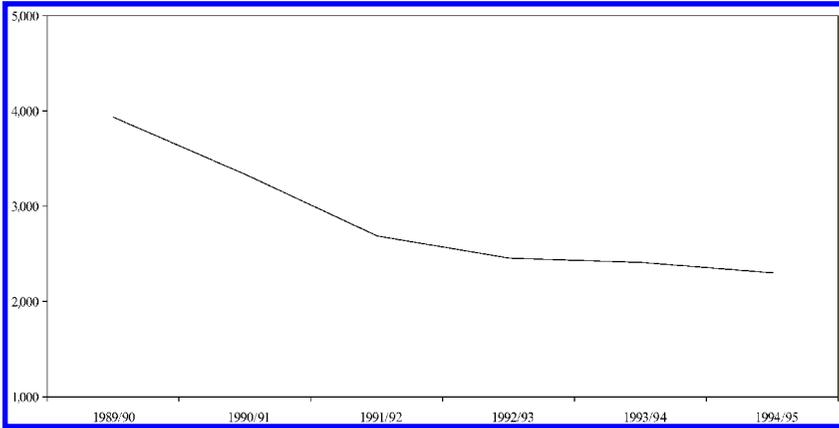
31. Meaning that they lived off fees paid for services, rather than a salary. Such systems limit the control superiors have over the hierarchy of officials below them and are notorious for breeding corruption.

32. Civil servants formerly received a ration of food and other supplies at a reduced price, a practice that was recently discontinued in lieu of a salary supplement. The fixed-price goods were, of course, resistant to inflation, while the salary supplements will not be unless they are continually increased. On civil service wages and corruption, see Aung San Suu Kyi, *Letters from Burma* (New York: Penguin, 1996), pp. 171–77; David Steinberg, *Burma: The State of Myanmar* (Washington, D.C.: Georgetown University Press, 2002), pp. 53, 132–38, 157; Burma Issues, “In Rangoon: Civil Servants and Cemeteries,” *Burma Issues* (Bangkok) 9:2 (February 1999), p. 3.

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FIGURE 1 *Burmese Public Sector Wages, 1989–1995* (Average Wage in Kyat Per Month, Constant 1985–86 Values)

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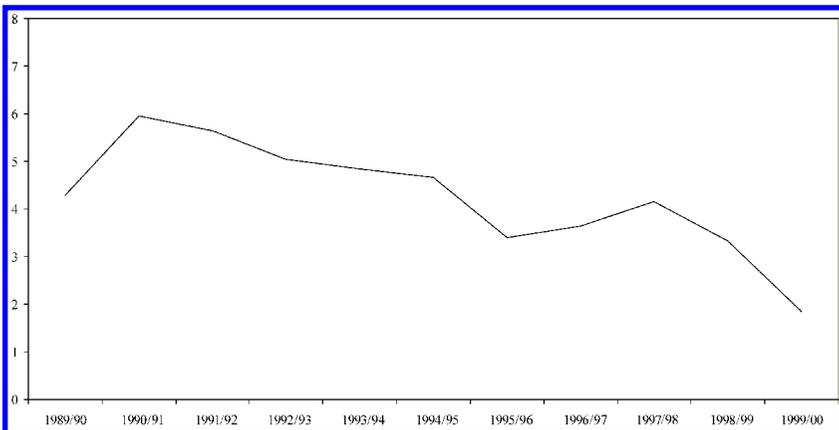


SOURCE: World Bank, *Myanmar: Policies for Sustaining Economic Reform*, October 1995.

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FIGURE 2 *Burmese Tax Collections/GDP 1989–2000* (In Millions of Kyat, Constant 1985–86 Values)

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SOURCE: Ibid. to Figure 1.

The result is that the civil service has become increasingly corrupt, while its competence and professionalism have declined. The lack of administrative capacity is beginning to undermine all sectors of the state apparatus, impeding even the core function of resource extraction. Figure 2 shows tax revenue adjusted for inflation between 1990 and 2000. The data were gathered by the World Bank and are considerably more reliable than the government's own official figures. It demonstrates a steady fall in the state's capacity to tax. Even the World Bank, which normally favors low marginal tax rates, has expressed alarm at the low level of collections in Myanmar.<sup>33</sup> Reduced revenue has radically curtailed public services. Services that are theoretically supplied by the state, such as education and health care, are privatized in practice, as the civil servants who supply them demand bribes to perform their duties.

The incapacity of the state to collect taxes and manage its budget has produced one of the most serious forms of human rights abuse in Burma: the use of forced labor. An International Labor Organization (ILO) investigation of this issue revealed that prior to 1999, there was no provision in the government's budget for unskilled labor for public works.<sup>34</sup> The government simply assumed that local military commanders would conscript the labor they needed.

In contrast to the civil service, the government has lavished resources on the armed forces, the Tatmadaw. In recent years, the military has grown enormously; officers receive numerous privileges including subsidized food, housing, health care, and education. These privileges provide a lifeline for many families struggling to make ends meet. According to Callahan, "[I]t is difficult to find a family in central Burma today that does not rely on some member, distant or intermediate, whose service in the armed forces provides the family with access to higher-quality rice, cheaper cooking oil and other necessities."<sup>35</sup> The army also remains the only avenue for social advancement open to most young men.

The military has been relatively insulated from declining revenue collection because it receives priority in funding. However, declining revenues and

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33. World Bank, "Myanmar: Policies for Sustaining Economic Reform," Washington, D.C., October 16, 1995, <[http://www-wds.worldbank.org/servlet/WDS\\_IBank\\_Servlet?pcont=details&cid=000009265\\_3961019103423](http://www-wds.worldbank.org/servlet/WDS_IBank_Servlet?pcont=details&cid=000009265_3961019103423)>. The more telling statistic would be tax collections as a proportion of gross domestic product (GDP), but the lack of good estimates of GDP for Myanmar (in part because of the very large black market and the government's inability to collect economic data) makes this calculation impossible.

34. International Labor Office Governing Body, "Developments Concerning the Question of the Observance by the Government of Myanmar of the Forced Labor Convention, 1930 (No. 29)," G.B. 282/4, Geneva, November 2001, p. 16.

35. Mary P. Callahan, "Cracks in the Edifice," in *Burma/Myanmar: Strong State, Weak Regime*, eds. Morten B. Pedersen, Emily Rudland, and Ronald J. May (Bathurst, New South Wales, Australia: Crawford House, 2000), pp. 31–32. See also Moe Gyo, "Fatal Attraction," *The Irrawaddy Online Edition*, March 2000, <<http://www.irrawaddy.org>>.

chronic corruption have begun to make it difficult to supply the expanding army. Some units are now required to find their own food, suggesting that serious supply problems have emerged. This practice has led to increasing abuses by soldiers: some units have expropriated land to grow food. A number of the child soldiers interviewed by Human Rights Watch for their 2002 report on Burma reported being forced to grow food on army farms.<sup>36</sup> Other units simply commandeer supplies from villagers. The Bangkok-based opposition group Burma Issues documented 26 such incidents in a single village between October 12, 1998, and February 15, 1999. Losses totaled 79,870 kyat (roughly US\$120) in cash, five baskets of rice (approximately 230 pounds), 47 chickens, and one cat.<sup>37</sup>

Authority has been decentralized to regional military commands in practice since 1988. The military has become the core institution of the state, but substantial authority is devolved to local and regional commanders. The PDC hierarchy that provides for territorial administration is dominated by the military, meaning that virtually all administrative functions are exercised through officers. Typically, the division PDC is chaired by the regional military commander and the district PDC by a lieutenant colonel. Only at the village level are civilians in charge.

The linear chain of command does not mean that the administration is highly centralized, however. Lacking the technical expertise and human resources necessary to create the centralized state that would clearly have been their first preference, the SLORC and SPDC have been forced to devolve power to local military commanders, producing an inconsistent, ad hoc form of administration. Ardeth Maung Thawngmung points out that in contrast to the centrally controlled BSPP administration, the PDC system is “prefectural.”<sup>38</sup> Harking back to the British tradition of the generalist district officer, state and division PDCs directly control all officials in their area of jurisdiction. Central ministries and departments need the clearance of the state/divisional PDC to implement policy locally, giving the PDC chairs tremendous executive power. Lack of effective oversight promotes corruption and creates incentives for local officials and regional commanders to make arrangements at variance with central government policy, often to accommodate individuals with the resources to pay regular bribes. The central government retains the ultimate authority to

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36. Human Rights Watch, *“My Gun Was as Tall as Me”*: Child Soldiers in Burma (New York: Human Rights Watch, 2002), pp. 38, 51–52, 62–63, and 73–76. In some cases, soldiers reportedly serve as unpaid factory labor as well.

37. Saw Kwekloh, “Kyuakkyi Township: Mountains and Plains Apart,” *Burma Issues* 9:9 (September 1999), p. 3.

38. Ardeth Maung Thawngmung, “Paddy Farmers and the State: Agricultural Policies and Legitimacy in Rural Myanmar,” Ph.D. dissertation, University of Wisconsin-Madison (2001), p. 165.

remove regional military commanders through the military chain of command. This was demonstrated in 1997, when a number were brought back to Rangoon. However, removing regional commanders is costly because whatever control the central government has over local affairs is exercised through them. Removing them breaks up the informal accommodations and understandings the commanders have negotiated to make their regions run more smoothly. Those understandings now constitute the regime's only point of access into society, short of outright coercion. The central government therefore grants local and regional commanders a great deal of latitude, even tolerating outright defiance in some cases.

One retired civil servant recalls being told by a regional commander to "forget about the instructions of your ministries. I am the minister of ministers. You do what I order you to do."<sup>39</sup> Ordinary citizens recognize the reality of decentralization as well. One farmer, commenting on land confiscations by the military, remarks, "Nowadays, you do not have to be afraid of people from above, but you definitely have to be afraid of people from below."<sup>40</sup> A telling symptom of this decentralization is the creation of numerous military roadblocks and checkpoints at which informal internal tariffs are levied—including on rice destined for government depots.<sup>41</sup>

An important counterweight to this decentralization until recently was the Military Intelligence Service (MI) under General Khin Nyunt. The MI's internal security functions extended to the military; it boasted the most centralized and effective bureaucratic structure in the country. It operated entirely outside the influence of the regional military commanders and was useful to the SPDC for keeping tabs on them. Khin Nyunt's fall from grace in October 2004 and the subsequent purge of MI, which has extended quite far down the chain of command, significantly reduced the level of oversight over the regional commanders. Whether the new internal security apparatus that emerges from the purge will be able to build a similarly independent and centralized bureaucratic structure remains to be seen. In the short run, at least, these events have contributed to the country's centrifugal tendencies.

Any transitional government that emerged would have to deal with the problem of administrative capacity. It would have to substantially strengthen the crippled civil service to create a bureaucratic counterweight to the military, somehow locating and training thousands of qualified personnel. It would also have to either cooperate extensively with the military in territorial administration or suffer a reduced capacity to make policy effective on the ground. It would have to rely on the military to preserve centralized control of violence

39. Kyaw Yin Hlaing, "The Politics of State-Business Relations," pp. 252–53.

40. Thawngmung, "Paddy Farmers and the State," pp. 263–64.

41. *Ibid.*, p. 319.

or risk slipping back into the quagmire of pocket armies and insurgency that undermined the democratic regime of the 1950s.

Under these conditions, any democratic government that came to power in the sudden and complete way U.S. policy appears to envision would suffer many of the same problems as the AFPFL did in the 1950s. It would lack an effective civil service and a territorial administration that could govern the country without extensive participation by the military. The bureaucrats it would have to work with would be considered suspect because of their complicity with the military government and their reputation for corruption. It would be forced to rely on substantially independent local bosses, many of whose power derives from connections with military officers forged under military rule. This would handicap the central government because of the difficulty of getting these local authorities to surrender the resources necessary to centralize power. Ethnic insurgents would be strongly tempted to take advantage of the central government's weakness to press their own demands for autonomy or independence, demands that are anathema to the majority of the Burman population. The situation would be ripe for a return to military rule, recalling 1958 and 1962. The collapse of democracy in the 1950s stemmed largely from lack of state capacity, and current conditions are not promising for a future democratic regime, for similar reasons.

For all the above reasons, the military will necessarily be a part of any future transition. The question, therefore, is not how to get the military to turn over power, as U.S. policymakers seem to envision. Instead, it is how to encourage officers to cooperate in a transitional process over the long run. This requires efforts not simply to pressure the regime but also to transform the political environment so that cooperation with a more representative civilian government will appear attractive to the military.

### Alternative Strategies

Most strategies for advancing the cause of democracy in Burma today do not look very far past a change of leadership. By applying isolation and sanction, these strategies aim to pressure the current government to step down.<sup>42</sup> The influential Aung San Suu Kyi advocates this approach, which has also been accepted by the U.S. government and the European Union (EU). However, if it is true that the military will have to be induced to cooperate extensively with any transitional regime, then sanctions and isolation appear to be ineffective ways of promoting change—and new possibilities emerge.

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42. A more democratic government, if it were to come to power, would certainly receive foreign assistance. However, under current conditions the country's capacity to absorb aid usefully would be limited, and it is a virtual certainty that massive corruption in its disbursement would result.

Although sanctions have clearly hurt the economy and increased suffering among ordinary Burmese, their political impact has been negligible.<sup>43</sup> Firms from Singapore and China are happy to fill the investment gap, but they are unlikely to advance democratic ideals. The economy has suffered much more from the indigenous banking crisis of early 2003, which caused the kyat to sink rapidly against the dollar. However, it then recovered to nearly its pre-crisis level, a recovery unimpeded by the intensification of U.S. sanctions following Aung San Suu Kyi's rearrest in May that year.

Indeed, sanctions and isolation may have strengthened the regime by limiting its contact with the democratic world. There is no small irony in the fact that the BSPP employed a policy of isolation to secure its power, while the SPDC has had isolation imposed on it from the outside. This isolation arguably makes it easier for the SPDC to maintain tight control over the political opposition.

Sanctions have further weakened state capacity, encouraging some military officers to engage in illicit drug smuggling and natural resource extraction to generate foreign exchange. Sanctions thereby have contributed to the spread of official corruption and undermined the rule of law. If anything, they have reduced the probability of a democratic transition by encouraging illicit predatory behavior by local and regional military commanders. In addition, they have deprived civil servants of contact with their peers in other countries, so that they have not been socialized into international standards of conduct, ethical codes, and best practices.

If the state apparatus needs significant rehabilitation to make democratic governance possible, a very different policy is entailed. Engaging the current government will be necessary in order to reduce financial incentives for official criminality and corruption and to provide assistance in building bureaucratic capacity and training civil servants in international norms. Such engagement may be distasteful because of the record of the current government, but to avoid it on those grounds ignores the fact that the military will have to be a part of any democratic transition.

Relaxing sanctions on trade and investment is likely to help. When the U.S. and the EU prevent their nationals from creating business relationships in

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43. See Leon T. Hadar, "U.S. Sanctions against Burma: A Failure on All Fronts," Cato Institute Trade Policy Analysis, no. 1, March 26, 1998, <<http://www.cato.org/pubs/trade/tpa-001.html>>; "An Interview with David Steinberg," *The Irrawaddy Online Edition*, May 2003, <<http://www.irrawaddy.org>>; and most recently, Morten Pedersen and Robert H. Taylor, *An Independent Report for the European Commission: Supporting Burma/Myanmar's National Reconciliation Process: Challenges and Opportunities*, Brussels, January 2005, at <[http://www.burma.no/publikasjoner/050405\\_BurmaDayreport.htm](http://www.burma.no/publikasjoner/050405_BurmaDayreport.htm)>. Burmese and foreign observers unanimously expressed skepticism about the effects of the tightened sanctions to the author when he was in Yangon in December 2003 and January 2005.

Burma, they do not so much punish the regime as make themselves irrelevant. Chinese and Singapore firms are able to supply foreign-manufactured goods and investment. This means that the predominant foreign influences in Burma come from undemocratic countries. Relaxing sanctions and permitting investment could balance this situation and put many more Burmese citizens in contact with the democratic world. Furthermore, investment would increase the level of diplomatic contact with Burma and increase the leverage of the U.S. and the EU. Greater Burmese participation in multilateral forums would have a similar effect. In addition, the demands and expectations of Western investors would likely stimulate greater interest in, knowledge of, and respect for international norms and the rule of law on the part of the government.

However, greater economic engagement alone is unlikely to have a significant impact on the political situation. Engagement would help relieve the suffering of many ordinary Burmese and might help stimulate a demand for more competent economic policymaking. A policy of engagement, however, must also include programs expressly designed to build bureaucratic capacity and educate civil servants about international norms.

Because activists sharply criticize any form of engagement with the SPDC, there are currently few capacity-building programs.<sup>44</sup> At an official level, only the Australian government has recently engaged with Myanmar on issues of governance.<sup>45</sup> In 1998, the Australians suggested to the SPDC that it create an independent human rights commission and sponsored a series of workshops attended by over 200 mid-level government officials from various ministries and the police.<sup>46</sup> The Australians argue that the program was successful in part because of its limited, long-term goals. They did not seek immediate change but rather sought to build the basis for more gradual improvements. Organizers assert that the program was groundbreaking in initiating cooperative government-to-government contact on human rights issues that led the government of Myanmar to acknowledge to its own employees its existing obligations under international human rights law. In addition, Australia's former ambassador to Myanmar has claimed that there were subsequent improvements in the areas

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44. For a rare argument that there should be more capacity-building programs, see International Crisis Group, "Myanmar: Sanctions, Engagement, or Another Way Forward?" Bangkok/Brussels, Asia Report, no. 78, April 26, 2004, <<http://www.reliefweb.int/rw/rwb.nsf/0/5b5afc8797ee9daf85256e820065330e?OpenDocument>>.

45. There have been some relatively low-profile private initiatives as well. For instance, the Sasakawa Peace Foundation, a Japanese non-governmental organization, has sponsored a series of workshops on enhancing civil service capacity. See "Workshop on Capacity Enhancement of Myanmar Civil Service Continues," in the official online newspaper *The New Light of Myanmar*, November 22, 2002, <[http://www.Myanmar.com/nlm/enlm/Nov22\\_region6.html](http://www.Myanmar.com/nlm/enlm/Nov22_region6.html)>.

46. See the Burma country brief at <<http://www.auseid.gov.au>>. The Australian government has also sponsored leadership and community management training for refugees living in Thailand.

of prison reform, child protection, and forced labor.<sup>47</sup> The program, terminated after the rearrest of Aung San Suu Kyi in May 2003, nonetheless provides some evidence that limited exchanges with moderate long-term goals can help make at least marginal improvements.

Human rights groups and democracy activists have criticized the Australian program on two points. One is that it has not demonstrated results. On this count, it must be said that no strategy advanced by the critics, including isolation and sanctions, has passed this test either. The second point is that the mid-level officials who participated were not appropriate targets for such a program because they do not make policy. Yet, it should be noted that these officials would be crucial for making democratic governance work in the event of a transition.<sup>48</sup>

Expanding educational opportunities overseas for Burmese citizens would also help, creating a body of well-educated people exposed to the West and democratic politics. The pool of Western-educated Burmese is relatively small and rapidly aging. To make democracy work, it will be critical to have a pool of people with international experience and appropriate skills available for recruitment into government service in the event of a transition. The expansion of scholarship opportunities and study trips to both private citizens and government officials would serve this end. The placement of Myanmar government officials as visiting interns in international agencies and Western governments would help to build knowledge of international norms among the very people whose active support a fledgling democratic regime would most need.

Constructive engagement policies thus far have not been more effective than sanctions at changing the political situation in Burma. For instance, advocates of admitting Burma to the Association of Southeast Asian Nations have been frustrated in their hope that this would encourage political moderation, and now face the embarrassing possibility that the most repressive country in the region will assume the chair of ASEAN in 2006. Official development aid from Japan and Germany and loans from international financial institutions prior to 1988 did not do much to promote political change either; these economic effects were blunted by the poor policies of the BSPP.

Burmese politics has been, and remains, largely driven by domestic dynamics. Outsiders need to realistically assess the possibility that nothing they can do will induce change, especially in the short term. What they can do, however, is

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47. Trevor Wilson, "Australia's Human Rights Initiative, 2002–2003: A Brief Case Study," presentation to EU "Burma Day," Brussels, April 5, 2005, <[http://www.ibiblio.org/obl/docs3/Burma\\_Day-Trevor\\_Wilson.htm](http://www.ibiblio.org/obl/docs3/Burma_Day-Trevor_Wilson.htm)>.

48. On criticisms of the program, see "Burma/Australia: Doubts Raised over Policy," *The Irrawaddy Online Edition*, October 10, 2002, <<http://www.irrawaddy.org>>; and Bob Burton, "Australia Dances with the Burmese Military," *Asia Times* online, May 2, 2003, <<http://www.atimes.com>>.

adopt more modest goals to encourage the development of institutions that will help create new possibilities for change, make liberalization more realistic, and increase the probability that a transition will be sustainable when it comes.

Shortly before his death in Vancouver in 2004, the Shan minority democracy activist Chao-Tzang Yawngwe urged that the dialogue in Burma be shifted from “hot issues” such as democracy and regime change to “hard issues,” including the restoration of health and educational services, economic reform, and normalizing life in regions of conflict. The problem, he noted, is that “there is a wide gulf between the state and society in Burma, and the prolonged dysfunctional state-society relation has made it difficult to bridge the gap, and even more difficult for the actors and protagonists to undertake any constructive approach. Each side is locked into rigid positions that discourage any fresh initiatives and fresh approaches.”<sup>49</sup>

Programs to build state capacity can help break down these rigidities and create new possibilities by restoring some normalcy to the relations between state and society. They can contribute to building a civil service separate from the military and they can provide opportunities for a peaceful transition by helping to moderate the government’s adversarial relationship with much of society. Such programs may build legitimacy and support for the current government, but they will also help foster institutions that can ultimately make more democratic governance feasible.

If state capacity is important to creating the conditions for stable democratization, then it is short-sighted for activists to criticize such programs. Capacity-building programs should become an important part of a process of engagement with the Burmese government. A transition will be feasible only when the state apparatus has sufficient capacity and independence from the military to serve a democratic government.

From the perspective of foreigners concerned about political progress in Burma/Myanmar, the alternatives are not tolerating a repressive military government or using sanctions to create a democratic utopia under the NLD. The choice is rather between a moderate policy designed to facilitate an environment in which a peaceful transition might be possible and a policy of imposed isolation and sanctions designed to bring about a catastrophic collapse of the current system. The latter, however, is hardly likely to trigger a democratic transition worthy of the name; it is more likely to create a chaotic competition for power among army units, insurgents, the NLD, drug smugglers, and others, a competition that could well lead to a complete collapse of civil administration and law enforcement where the state is already fragile.

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49. Chao-Tzang Yawngwe, “Changing Regime: Rangoon, after Baghdad?” April 23, 2003, <[http://www.burma.no/nbk/bof\\_jan04/cyyawngwe\\_changing\\_regime.htm](http://www.burma.no/nbk/bof_jan04/cyyawngwe_changing_regime.htm)>.