

## **SENATE COMMITTEE ON FOREIGN RELATIONS**

### **SUBCOMMITTEE ON ASIAN AND PACIFIC AFFAIRS**

**April 26, 2012**

#### **Testimony of David I. Steinberg**

I am honored to have been asked to testify before this subcommittee on issues related to Burma/Myanmar. I will use the term Myanmar, rather than Burma, in reference to events since 1989 when the country's military rulers changed the name of the state. I do so without political connotation, as virtually all states have used Myanmar except the United States. I expect that will change in due course. It took some two decades for the U.S. to call the capital of China Beijing rather than Peking.

I would like to comment on the reforms and changes that have taken place in Myanmar under the new administration that came into power in March 2011. It is most appropriate near its first anniversary to assess the prospects for progress in that country, and possible responses from the international community, and more specifically from the United States, and to consider the U.S. national interests in Myanmar.

Since the remarkably open and self-critical inaugural speech of President Thein Sein on March 30, 2011, both foreign observers and Burmese have been astonished by the breadth, scope, and speed of the reforms articulated by the President. Although many foreigner observers called the elections that brought him and his government to power a "sham," which they were not, or "deeply flawed," which indeed they were by any objective international measure, so comprehensive have been the positive changes both articulated and instituted that the world has generally recognized that this is not simply a repeat of the maladministration of the past half-century of direct and indirect military rule. Rather, these changes are the most important chance since 1962 for Burmese society to redeem its lost social and developmental promise. The public recognition of the dire state of the state was the first step toward comprehensive reforms that have been needed since the military coup of that year.

Yet external critics of the military junta have engaged in an obvious and intensive campaign in Washington from denigrating the reforms to encouraging the slowing of the process of modification or elimination of sanctions. They variously attributed the articulated, planned reforms of President Thein Sein as an insincere, superficial, and cynical attempt to placate foreigners to win approval for Myanmar to chair the ASEAN summit in 2014, and to eliminate the rigorous sanctions regimen imposed, most severely, by the United States. Although the present government is an outgrowth of the military, which had ruled the country since 1988, and although its abuses are well documented, I believe this conclusion is both simplistic and wrong. Some adherents of this persuasion have called for continuing the U.S. imposed and sequenced sanctions until a change in government occurs and/or comprehensive reforms in all fields have been achieved.

There are two inaccuracies in this approach. First, serially introduced sanctions (1988, 1997, 2003, 2008) are not an end: they are simply a tactic to achieve the changes in policies or actions objectionable to the United States. During the administrations of Presidents Clinton and Bush, that goal was regime change—honoring the results of the May 1990 elections that were swept by the opposition National League for Democracy (NLD). The Department of State reports to the Congress during that period repeatedly called for recognition of the NLD’s right to rule, even though the elections were for a new constitutional convention, not a government. In effect, the U.S. position to the junta was: get out of power and then we will talk to you. This was, I submit, patently absurd. President Obama changed that policy to call for reforms rather than regime change and this created a new and positive dynamic to the bilateral relationship to which the Burmese responded. That policy—pragmatic engagement—recognized the internal U.S. political need to continue sanctions but to engage in high-level dialogue. That policy has proven to be positive.

The second problem, that of awaiting comprehensive reforms in all field in which the U.S. has especial interests (including but not limited to human rights, labor, religion, child soldiers, trafficking, minority problems, censorship, rule of law, constitutional changes, etc.), is that reform is a never-completed process, for as progress is made in one or several fields, there is always more to be done. The United States has significant experience in that arena. So awaiting the resolution of all issues in all areas of concern is a surrogate for continuing in perpetuity the sanctions in some form and to some degree. Rather, the easing of some sanctions is more likely to be a spur to progress, rather than an impediment to positive changes in that society. In spite of NLD claims that broad sanctions have not hurt the Burmese peoples, this is patently inaccurate. “Targeted sanctions” are also likely to be ineffective in promoting change in that society.

The scope of the planned and implemented changes in Myanmar is remarkable, comprehensive, and encompasses major elements of that society. A cease-fire with the Karen, the longest rebellion in the modern world beginning in 1949, has been achieved. Political prisoners have been released, and any remaining number (variously calculated and in dispute) incarcerated is under review. By-elections have been held on April 1, 2012, swept by the NLD, conclusively illustrating that they were free and fair. Aung San Suu Kyi and her colleagues can take their seats in parliament. A liberalized labor law has been enacted. Censorship has been vastly reduced. Currency reform has started and other economic changes, including a new foreign investment law, are in process. Construction on a major Chinese dam has been stopped because of popular antipathy. The President is committed to better health and education with increased budgets for those fields. He is concerned over better minority relations--peace not simply cease-fires, which are but the first steps in that process. Aung San Suu Kyi has publicly indicated that she believes that President Thein Sein is sincere in his desire for positive change.

Institutionalizing these planned changes, however, is more difficult under the new governmental system than under the previous junta. By ruling by decree under a military command system, the junta could institute its will by fiat. Policy became fact—for better or worse. Now, this new government must first articulate proposed policies, then translate them into laws and pass them in the government-controlled legislature but with significant debate, and finally implement them without the same degree of authoritarian control that previously existed. We have seen that in the Kachin State, for example, centrally mandated cease-fire policies are not easily or smoothly

transformed into action: the center under the new government will have more difficulty in controlling the periphery. However much the new government is the product of the previous military regime, differences between both are already apparent.

Is such broad progress irreversible? There are conflicting views. It is highly unlikely that the changes could be comprehensively rescinded without major popular unrest. But there are two aspects of possible regression: internal issues and foreign responses. Internally, there are obviously those within the old regime who still have considerable power and who are against change or want change to proceed slowly. Some in society will lose their privileged positions, access, and economic opportunities, and will be concerned. If those close to the previous military regime see the government's reform efforts falter, or if reforms come too quickly to be ingested, or are badly implemented, or indeed if they are not implemented at all, then retrogression is possible. Internal momentum thus must be maintained at a pace consistent with capacity if internal receptivity is to continue, and the people must begin to feel that reforms are having a positive impact, or have the potential to improve their lives.

External impacts on the reforms must be deftly undertaken. The administration wants results from the reforms, ranging from practical economic benefits in trade and investment that the relief from sanctions would bring, to a more balanced foreign policy, increased international political legitimacy, respectability for the military's role in society, and indeed recognition of their patriotic concerns over the well-being of the people. If the response from the outside community is inadequate, and importantly the United States is the central actor in this drama because of its power and past negative role, then Burmese who have been against reforms could claim that these changes were unsuccessful, and the old, authoritarian ways were better. If, on the other hand, the U.S. or other foreigners were to claim credit for the reforms and they were seen to be instituted under foreign auspices and serve international--rather than Burmese--needs, then a negative nationalistic reaction could set in.

To date, the U.S. response to the new government has been appropriate and successful. The U.S. executive branch's measured engagement and congressional sensitivities are understood at the Burmese cabinet level. They know that resolution of the sanctions issues is both legally complex and politically charged, and is likely to be a lengthy process. Progress has already been made, and the Burmese recognize these changes. Although realizing that some forms of sanctions are likely to continue for some time, key economic advisors to the Burmese president have called for modification of the sanctions that would have a positive impact on the Burmese anti-poverty program. They call for the removal from the sanctions of certain types of labor-intensive industries, especially those employing women, that would provide jobs, and the lifting of the prohibition of the use of U.S. banking facilities, as this increases the problem of Burmese competitiveness on the world's markets. Such changes would have both positive social and economic effects.

United States public diplomacy toward Myanmar has been composed of a single strand—human rights and democracy, when normally the U.S. has multiple concerns in any country. That policy has been influenced by Aung San Suu Kyi, or what the U.S., or her followers, believed to be her views. I have regarded reliance on any single foreigner, no matter how illustrious or benign, in any country as the primary influence on U.S. policy toward that country as inherently unsound.

Now, Aung San Suu Kyi is in government and a member of the legal opposition. She will have the freedom to articulate her views and they will be reported in the Burmese media. As she, and the UK prime minister, have called for the suspension of sanctions (“suspension” is a political euphemism and more acceptable than “removal,” but their meaning in this context is the same because sanctions could be re-imposed at any time), there is a clear path to move ahead on their gradual elimination in the interests of the Burmese people.

If these changes are not superficial or insincere, as I have tried to illustrate above, then will they bring democracy as understood in the West and the U.S.? Certainly not in the near term. The military have designed a system where their control will remain over policies they regard as essential to the state and their interests. They have explicitly done so in the 2008 constitution that includes 25 percent active-duty military in the legislatures at all levels, and in various other provisions. Their interests include military autonomy from civilian control, the unity of the state, and the importance of their interpretation of national sovereignty. Even under a market-oriented economy, which they espouse, and greatly enhanced foreign investment, the military’s economic interests are highly important and influential through military-owned conglomerates that are not part of the public sector. Even so, built into the military-mandated 2008 constitution are elements of pluralism that need fostering both from internal and external sources. Even under such a system, there is ample room for improvement in social and economic factors.

The most immediate problem facing the new administration is also the oldest since Burmese independence in 1948, and has been the essential issue facing the state since that time. That is, the balance between the power and resources of the central government, dominated by the ethnic Burman majority, and the diverse minority peoples who comprise about one-third of the population but who occupy a far greater proportion of the land base containing much of the natural resource wealth of the state. Majority-minority relations have been the primary problem of the country since 1948; no civilian or military government has resolved them, with the military regimes exacerbating the issue. Every major ethnic group has had a significant element of its population in revolt at some time, and in spite of 17 official cease-fires, peace where it exists is still fragile.

Some minorities half a century ago wanted independence, but now will settle for some sort of federal structure, but federalism is anathema to the military who have argued for 50 years that it is the first step toward secession. The problem is exacerbated because all neighboring states (except Laos), and the UK and the U.S., have supported rebellions or dissidents across borders that are ethnically porous. The solution to minority issues is urgent, but the credibility of all foreign powers in assisting resolution, given past history, is questioned by the central government. Yet devolution of more authority and revenues, and increased cultural respect of the minorities and languages and cultures, beyond the appropriate rhetoric of the constitution, is required if a long-term resolution is to be found. It should also be remembered that the NLD is a Burman party, and although it had called for a federal structure, it has only limited influence in minority regions.

One major challenge to continuing reform is the lack of an adequate capacity in almost any field. This is the result of isolation both political and intellectual, and the effective collapse of standards in an education system that was once the pride of the region. Capacity building is

essential in any field, including the modern international training of teachers both in country and abroad, especially in the ASEAN region. As this process continues and as foreign public and private assistance flows in, experience in other states has shown there is likely to be intense competition for these capable individuals to the detriment of coordinated foreign assistance.

This paucity of capacity is exacerbated by the weakness of institutions aside from that of the military itself. This is both a product of past military attempts to consolidate power by weakening institutions and organizations not under their control, but it is also an aspect of the personalization of power in Burmese society, where loyalty has been to individuals and not to institutions. The building of pluralistic institutions, public and private, is an important element of change and growth.

Although U.S. policy has consistently focused on democracy building, a preliminary stage toward that goal would be to concentrate on the building such pluralism, and the movement from a unitary state to a more complex system—one that is locally responsive to local needs. The potential institutions for this change are built into the new constitution: the state, regional, and minority legislatures at local levels. Although they may not have been originally conceived a serving this role, the potential is there. The strengthening of all legislatures at central and local levels could be an important focus of foreign assistance.

The regional impact of the Myanmar reforms is highly significant. The European Union will likely drop its sanctions this month. ASEAN certainly regards the changes as strengthening ASEAN as a whole. Thailand has major plans to develop the Dawei (Tavoy) region as an industrial hub, building industries that (as the former Thai prime minister noted) could not be constructed in Thailand because of environmental concerns. After China, Thailand is the second largest investor in Myanmar. Japan, after pressure from the U.S. to withhold all but humanitarian aid, is prepared to provide major assistance and to forgive Myanmar's massive debt to that country. It has diverse historical and contemporary interests in Myanmar, not the least of which is moderating Chinese penetration and influence. India has important policy objectives, part of which, like Japan, relate to moderating China's domineering role, but also importantly are focused on India's own Northeast region which has been plagued by rebellions. Delhi is working with Naypyitaw to develop a transit route (The Keledan River Multi-Modal Transport Project) to the Northeast through Myanmar's Rakhine and Chin states.

It is China, however, that is critical to Myanmar and important in U.S. relations with that country. In May 2011, China and Myanmar signed a "comprehensive strategic cooperative partnership" agreement. Although China has signed such agreements with other states, this was significantly the first time with Myanmar. Some erroneously thought that Myanmar had become a client state of China. Yet several months later President Thein Sein ordered stoppage on work on a major \$3.6 billion Chinese dam on the Irrawaddy River in a culturally sensitive area in the Kachin State, as he said he listened to popular opinion against it.

Although China has erroneously viewed the changed Obama Myanmar policy as part of a planned containment of Chinese interests in the region, there are important potential avenues of cooperation between the U.S. and China related to Myanmar. China fears two potential dangers in that country: a people's uprising like that in 1988, or minority warfare near the Chinese frontier that could jeopardize Chinese infrastructure projects in those regions.

China officially welcomes the U.S. improvement of relations with Myanmar, as long as that influence does not threaten Chinese national interests, which are important in Myanmar, which has been built into major Chinese economic planning. China recognizes that the best antidote to civil unrest in Myanmar is broad-based development that only the West can help bring, so there are potential avenues for cooperation there. The U.S. and China could also collaborate on assisting the process of reconciliation with the minorities on the border with China. Such cooperation would serve Chinese interests, improve the lives of the minority peoples in those areas, and open those areas to U.S. and international business as well. Although suspicions abound in Myanmar on U.S.-China relations, this need not be the case. The U.S. would have to recognize Chinese national interests in its oil and gas pipelines and in environmentally and socially sound hydro-electric projects, while China would have to understand the U.S. concerns for a stable and prosperous Myanmar in light of the U.S. alliance with Thailand and the burgeoning relationship with India.

The United States needs to continue its engagement with Myanmar by responding to positive plans there with supportive policies and actions designed to improve the condition of the Burmese peoples, which is in the national interests of the United States.

United States has a national interest in the development of a stable, prosperous, cohesive yet pluralistic Myanmar with a responsible and balanced foreign policy.

In summary, U.S. interests in Myanmar would be served by the following actions:

- Speeding the Senate confirmation of Derek Mitchell as resident Ambassador in Myanmar. His work as ambassadorial coordinator has been exemplary.
- Nominating an appropriate, knowledgeable person to take his place as the regional coordinator on Myanmar policy to supplement the internal U.S. ambassadorial role
- Officially using Myanmar as the name of the state
- Developing a timetable for quid pro quo relief from sanctions as reforms in Myanmar continue to be implemented while providing immediate changes in banking and in certain labor-intensive industry regulations
- Beginning dialogue with the Chinese on collaborative efforts to provide economic assistance and to assist in ameliorating minority problems along the Chinese periphery
- Supporting reputable indigenous civil society organizations and delegating to the U.S. Embassy in country the authority to use U.S. official assistance directly to state-sponsored or supported institutions if and when local condition justify such action
- Encouraging U.S. and ASEAN institutions to engage in extensive capacity building across a broad spectrum of society's needs
- Encouraging the growth of autonomous, intellectually respectable institutions of higher education and learning
- Provision of educational materials that would support both internal capacity building and higher education
- Encouraging the U.S. private, educational, and non-profit institutions to consider support to both resident and non-resident teachers/consultants to assist the Burmese in these processes

- Supporting the development of appropriate concepts of law, legal institutions and associations, and an independent judiciary, as the Burmese constitution stipulates.
- Working with the Burmese government on plans for the re-introduction of a non-lethal IMET training
- Encouragement of the Burmese human rights commission activities
- Advocacy on analysis and amelioration of environmental needs related to Myanmar's natural resources and economic expansion

This is a unique moment in U.S. Myanmar relations, and it should not be ignored.

---

David I. Steinberg is Distinguished Professor of Asian Studies, School of Foreign Service, Georgetown University. His latest books are *Burma/Myanmar: What Everyone Needs to Know* (Oxford, 2010), and (with Fan Hongwei) *Modern China-Myanmar Relations: Dilemmas of Mutual Dependence* (NIAS, 2012).