COUNCIL on FOREIGN RELATIONS

CFR Backgrounders

Understanding Myanmar

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Introduction

After decades of political and economic isolation, in 2011, Myanmar's military government began to introduce gradual political, economic, and foreign policy reforms. The release of nearly two thousand political prisoners and the National League for Democracy's return to the formal political process led to an easing of international pressure and a thawing relations with the United States, but concerns remain about the government's treatment of ethnic minorities, particularly that of its Rohingya Muslims, and the pace of constitutional reform.

Political History

A British colony for more than a century, Burma declared independence in 1948, a year after General Aung San, father of Daw Aung San Suu Kyi, was assassinated. The Union of Burma began as a parliamentary democracy like most of its other newly independent neighbors on the Indian subcontinent. Yet it was beset by ethnic strife from the start. Ethnic Burmans formed roughly two-thirds of its population; the remainder comprised more than one hundred groups, with the Shan, Karen, Rakhine, and Mon among the largest, as well as significant Indian and Chinese populations.

Representative democracy lasted until the military coup of 1962, led by General U Ne Win. His party established a ruling council whose members were almost entirely drawn from the armed forces and held power for the next twenty-six years. Ne Win instituted a new constitution in 1974 based on an isolationist policy with a socialist economic program that nationalized Burma's major enterprises.

The country's economic situation deteriorated rapidly as a result of Ne Win's policies, and a black-market economy soon took hold. By 1988, widespread corruption and food shortages led to mass protests, spearheaded by students. On August 8, 1988, the army cracked down on protestors, opening fire on dissidents and killing at least three thousand and displacing thousands more. Ne Win consequently resigned as chairman of his party, although he remained active behind the scenes until an even more repressive military junta took power in a coup in September 1988.

The United States imposed sanctions (PDF) in response to the junta's suppression of protests and detention of political prisoners. In 1989, the new military regime changed the country's name from the Union of Burma to the Union of Myanmar, and the capital Rangoon was renamed

Yangon. In 2005, the military government moved the administrative capital to the newly built city Naypyidaw. The junta argued that the name "Burma" was a vestige of the colonial era and favored the Burman ethnic majority, while "Myanmar" was more inclusive. Although **official U.S. policy** still refers to the country as Burma, President Barack Obama has on occasion **called it Myanmar** during state visits, and the distinction between names has often become **a political issue**.

During the 1988 protests, Daw Aung San Suu Kyi rose to prominence as the leader of the main opposition party, the National League for Democracy (NLD). She was detained in 1989, and spent more than fifteen years in detention (both in prison and under house arrest) until being released for the last time in 2010. In 1990, the junta held elections in which the NLD won 392 of 485 parliamentary seats, despite Suu Kyi's house arrest. The military government refused to acknowledge the results, imprisoned many NLD politicians, forced others into exile, and continued to clamp down on dissent. In 1991, Suu Kyi was **awarded the Nobel Peace Prize** while still under house arrest.

> *"The conduct and results of these elections will fundamentally shape our engagement with the [Burmese] government in 2016 and beyond."—U.S. Assistant Secretary of State Daniel Russel*

Saffron Revolution, Cyclone Nargis, and the 2010 Elections

In September 2007, widespread protests erupted after the military government unexpectedly removed fuel subsidies, triggering massive price hikes. The Saffron Revolution posed a challenge for the junta, as the participating monks—venerated in Myanmar's majority-Buddhist society—lent a degree of moral authority to the movement.

The regime's legitimacy suffered a further blow when its slow response and initial **blockade of international aid** efforts for the victims of Cyclone Nargis, which killed more than 140,000 people in 2008, led some Western leaders and rights groups to call for **humanitarian intervention**.

In part driven by international pressure and its own "seven-step roadmap," the junta announced that a referendum on **a new constitution** would take place in May 2008, followed by multiparty elections in 2010. According to the junta, the constitutional referendum won an **overwhelming majority**, but rights groups **called the vote a fraud**.

The military-backed Union Solidarity and Development Party (USDP) declared a **wide margin of victory** in the 2010 general elections, though Suu Kyi and her NLD party boycotted the vote. In 2011, the military **junta officially dissolved** and established a civilian parliament, which appointed former army bureaucrat and then-prime minister Thein Sein as president. Many top officials in the new administration—including the president, two vice presidents, and speaker of the lower and upper houses of parliament—were former military officers, leading to concerns about continued military dominance.

Democratic and Economic Reforms

The outgoing **Thein Sein administration** marked a period of reform and saw the return of international engagement. His government spearheaded a **series of reforms**, including the

amnesty of most political prisoners, relaxation of censorship, establishment of the National Human Rights Commission, and efforts toward peace with ethnic rebel groups. In April 2012, Suu Kyi's party agreed to compete in by-elections, held to fill vacancies between general elections; the NLD dominated, winning forty-four out of forty-six seats.

However, this election only filled a small percentage of seats in parliament, and the NLD controlled less than one-tenth of the body. Under the 2008 constitution, 25 percent of the parliament's seats are reserved for the military, and the military-backed USDP continues to control seats in the powerful defense, home affairs, and border affairs ministries.

President Thein Sein announced a **second wave of economic reforms** in mid-2012, vowing to reduce the government's role in sectors including energy, forestry, health care, finance, and telecommunications. A few months later, parliament passed a new **foreign investment law** that opened up overseas ownership of business ventures and offered tax breaks in a bid to improve its long-beleaguered economy. Myanmar's net inflow of foreign direct investment (FDI) increased from $900 million in 2010 to $2.3 billion in 2013, according to the **World Bank**. In March 2015, the government announced that FDI hit **more than $8 billion**, twenty-five times the amount received the year before the military ceded power in 2010.

As a result of these reforms, global powers began reestablishing ties with Myanmar. The United States, European Union, Australia, and Japan dropped some economic sanctions, and **multinational companies** began showing interest in investment in the country. In April 2012, UK Prime Minister David Cameron became the first major **Western leader to visit Myanmar** in twenty years. The World Bank subsequently **earmarked $245 million** in credit and grant funding for the country, marking the first international lending to the nation in twenty-five years. Myanmar's economy could potentially grow from $45 billion in 2010 to $200 billion in 2030, according to a **2013 McKinsey report**.

Evolution of U.S. Policy

The United States imposed initial sanctions on Myanmar after the 1988 military crackdown on protests, banning the export of financial services and freezing assets of certain institutions. Successive administrations intensified sanctions, including bans on investment and imports. In 2009, President Obama ushered in a new approach to U.S. relations with the country: Washington maintained sanctions, but indicated a willingness to **open high-level dialogue (PDF)** with the ruling State Peace and Development Council (SPDC), including cooperation on international security issues such as nuclear nonproliferation and North Korean arms sales.

In 2011, then-Secretary of State Hillary Clinton **visited** Myanmar on a goodwill mission, during which she met with then-President Thein Sein and Suu Kyi, agreed to boost humanitarian aid, and announced that the United States would **no longer block assistance** from the International Monetary Fund and World Bank. In 2012, Washington announced **further steps for cooperation**, including the reestablishment of a USAID mission at its embassy in Yangon and **easing the bans** on the export of U.S. financial services and new investment. The administration also named its first **ambassador to the country** in twenty-two years.

U.S. relations with Myanmar further warmed with landmark visits by both **President Obama to the former capital of Yangon** in November 2012—the first time a sitting U.S. president visited the country—and by President Thein Sein to Washington in May 2013. On his second visit to

Myanmar for the 2014 East Asia Summit, Obama reasserted the United States' commitment to the country's political transition.

Thawing ties with Washington, along with the Obama administration's **pivot to Asia**, has challenged Naypyidaw's long-standing strategic and economic partnership with Beijing, the country's largest investor, and there is **growing resistance** within Myanmar to Chinese infrastructure investment. "China was taking over Myanmar economically and exploiting the country's rich natural resources—creating a 'national emergency,' that threatens the country's independence," **writes Myanmar expert Bertil Lintner**. "This—more than any high-minded ideological epiphany—appears to be what led Myanmar to reach out to the West, and, especially, China's main critic in the international community, the United States."

> *"Just having a new, elected leadership will not do much to address entrenched problems."—CFR's Joshua Kurlantzick*

Continued Ethnic Strife

Myanmar's path toward democracy remains fraught by ethnic violence. In October 2015, the government signed a nationwide **cease-fire** with eight armed ethnic groups after more than two years of negotiations. Some experts say the deal fell short of expectations because it failed to forge a consensus with all fifteen participating rebel groups. Any future conflict between the army and the larger armed ethnic groups "would be **disasterous** for Myanmar's nascent political reforms," writes CFR's Kurlantzick.

In 2011, the Myanmar army launched a major offensive against the Kachin Independence Army, which is fighting for autonomy for **ethnic Kachins**, a predominantly Christian minority of roughly one million, or around 2 percent of the country's population, in Myanmar's north. The prolonged fighting has led to widespread displacements, and **human rights groups** have accused Myanmar's army of carrying out various abuses in the region, including forced labor, rape, torture, use of child soldiers, and summary executions. **In early 2015**, fighting broke out in the northeast between the military and several minority militias, including the ethnic Kokang's Myanmar National Democratic Alliance Army, the **Ta'ang National Liberation Army, and Arakan Army.**

Muslim **Rohingyas** in the Rakhine State, situated on the western coast of the country, have also faced extensive persecution. In June 2012, at least two hundred people were killed and hundreds of thousands driven from their homes as a **spate of violence** erupted between ethnic Rakhine Buddhists and Muslim Rohingya, who were rendered stateless by the 1982 Citizenship Law. In a **2013 report**, Human Rights Watch accused Myanmar authorities of committing crimes against humanity in a campaign of ethnic cleansing against the Rohingya, whose population in the country stands at around one million. The state continues to deny Rohingyas citizenship, considering them unauthorized immigrants from Bangladesh. Tens of thousands have fled Myanmar, seeking shelter in Bangladesh or safe passage via human-smuggling boats to neighboring countries. Many of these countries directed their navies to refuse the refugees in the spring of 2015, leaving thousands stranded at sea. Amid international pressure, Indonesia and Malaysia agreed in May 2015 **to take in** thousands of stranded migrants until they could be repatriated or resettled in a third country. Although Myanmar agreed to repatriate a smaller

number migrants, the government refuses to accept blame for the Rohingya's flight.

Suu Kyi has remained conspicuously silent on the violence and persecution. Some experts contended that addressing the plight of the Rohingya would **not be politically expedient** for Suu Kyi in the lead up to national elections in November 2015. While Muslim Rohingya were **barred from voting** and Muslim candidates were **excluded** in the 2015 election, the treatment of the Rohingya and overall Buddhist-Muslim relations in the country remain a contentious political issue.

The Troubled Way Forward

Despite Myanmar's encouraging reforms in recent years, experts point to looming governance challenges, including political power-sharing, sectarian violence, and ongoing reforms. The November 2015 elections were the first nationwide, multiparty elections since the country's parliament first convened in 2010, and are widely considered Myanmar's most free and fair polls in twenty-five years. Approximately 80 percent of the country's thirty million eligible voters cast ballots, and Aung San Suu Kyi's opposition NLD party won a **landslide victory**, securing a majority in the upper and lower houses of parliament.

"The conduct and results of these elections will **fundamentally shape** our engagement with the [Burmese] government in 2016 and beyond," said U.S. Assistant Secretary of State Daniel Russel in October, amid concerns over the status of the country's political liberalization process. Now that the election results are in, the NLD must rise to the task of governing and determine how it will manage its relationship with an influential military. "How Suu Kyi and the military approach the next five months, and whether they can work out an understanding of **how power is to be shared** in the new Myanmar, will be critical to the country's fortunes," writes Aaron L. Connelly in *Foreign Affairs*.

"We would like to make it a government of national reconciliation," vowed Suu Kyi in November. But CFR's Kurlantzick argues that if the opposition moves too quickly to try to dilute the army's influence, there many be major roadblocks to implementing a broader cease-fire agreement insurgents, altering the constitution and gradually imposing civilian control over the armed forces. "Just having a **new, elected leadership** will not do much to address these entrenched problems," he says.

Additional Resources

This ***Wall Street Journal* interactive** explores what has—and has not—changed in Myanmar since 2009.

Amnesty International's **2014–2015 report (PDF)** on Myanmar discusses the country's ongoing political, legal, and economic reforms.

This timeline from *Irrawaddy* chronicles Myanmar's Kachin conflict.

Congressional Research Service issued this **2013 report (PDF)** on U.S. policy toward Myanmar.

Keith Rabin and Christina Madden discuss upgrades to Myanmar's power grid in

this **2015 *Foreign Affairs* article**.

In this **blog post**, CFR's Joshua Kurlantzlick discusses Myanmar's rights records.

The *New Yorker*'s Evan Osnos covers the "Burmese Spring" in this **2012 article**.

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