



A Reformed Military Junta in Myanmar In India's Strategic Interests

Julien Levesque

Research Intern, IPCS, New Delhi

The Burmese military will not surrender power in the near future. The masquerade it has been playing for the past twenty years has handily sustained its grip on power. The way the military government recently insisted on conducting its constitutional referendum, despite the large scale destruction left by cyclone Nargis along with 2.5 to 4 million affected, confirms the lack of earnestness in its "roadmap to democracy." Even if respected, the new constitution and the promised 2010 general elections could at best turn the regime into an "illegitimate democracy," which holds little of democracy besides the name. Moreover, chances of a coup within the junta – an idea put forward by analyst Larry Jagan – are extremely slim.

Hence, in the context of a military regime, two scenarios can be envisaged: the first assumes that the present internal and external situation will remain unchanged; the second supposes that the military government wisely manages to reform itself and stimulate the country's economy.

This brief examines India's interests in both cases and argues that a reformed military junta is what Myanmar's neighbours should collectively promote.

I WHAT IF STATUS QUO CONTINUES?

If the Burmese military government does not change its mode of functioning and keeps balancing its neighbours' greed and competition for natural resources in such a way that it finances the Generals' remaining in power, then India will be confronted with the same difficulties it has been facing since the beginning of its

engagement with Myanmar in the early 1990s.

India's main concern will remain countering China, but the latter's influence will remain much greater than that of India. The reasons for this can be found in India's unease in dealing with an Indo-phobic dictatorial government, which implies a reluctance to provide weaponry as well as a limited diplomatic support – two gifts that China offers without scruples. As a result, India's ambitions in Myanmar are left to China's magnanimity and the Generals' mercy, uncontrollable variables that did India great disservice in December 2005, when an offshore bloc estimated to hold 6.5 trillion cubic feet of natural gas eyed by India was awarded to China.

India will continue to struggle in containing China's growing influence, following a reactive – as opposed to proactive, or even creative – foreign policy that copies Chinese moves. Therefore, as the second mover and despite possible enhanced connectivity through the Indo-Burmese border, India's benefits will remain limited while New Delhi keeps bearing international condemnation for its rejection of sanctions.

In India's Northeast, any improvement is unlikely to happen, as the 100,000 Burmese living in Mizoram, Manipur and Nagaland will not return until the situation improves politically and economically in Myanmar. Despite massive Indian investments – such as the Kaladan project, once described as a "romantic project" by cabinet minister of Development of Northeast Region Mani Shankar Aiyar – the Northeast will remain a landlocked area and connectivity a major issue. Since border control will not tighten, insurgent groups will keep finding refuge in Myanmar while informal trade will not be put to a halt, which implies that arms and narcotics will continue to flow in.

Clearly, this scenario brings virtually nothing to India. Thus, it seems wiser for New Delhi to opt for a different path, namely, that of a reformed military junta.

II A REFORMED MILITARY REGIME

What is a reformed military regime? The military junta, or State Peace and Development Council (SPDC), could adopt administrative and economic reforms that stress economic rights over political freedom, thus placing economic development within reach. Hence, it would follow the model that China has already adopted in which extensive political rights are denied while economic rights are granted and encouraged.

What reforms does this model imply? First, stimulating the economy requires a certain reestablishment of the rule of law. Property rights – on land, buildings, companies, assets, innovations – must be strictly enforced in order to create an entrepreneurial climate of trust. Accordingly, blatant human rights violations, such as forced labour, arbitrary arrests and executions, or displacements, would also have to stop, to inject confidence into the workforce.

The military junta, or State Peace and Development Council (SPDC), could adopt administrative and economic reforms that stress economic rights over political freedom, thus placing economic development within reach.

funding its eccentricities – such as the new capital city, Naypyidaw.

Third, the government should liberalize its state-dominated economy, ease formalities for domestic and foreign investors, and create tax incentives to help entrepreneurs take risks. Foreign

direct investment should be encouraged – at present, major foreign investments are channelled through a joint-venture with a government company.

Fourth, the government should set up a redistribution system to ensure that investment trickles down to the common man. The large revenue from the exploitation of the Shwe gas field estimated at between US\$580 and US\$824 million per year over the next twenty years should be used for genuine improvement of people's lives.

Finally, the administration's efficiency should be increased in order to accelerate the implementation of measures and ensure the reforms' rigorous enforcement. This requires a reorganisation of public administration and stemming corruption.

How will it transform Myanmar? The first change will be economic: Myanmar's GDP will grow, as well as the average per capita income. Indeed, control of inflation, a stable currency, lesser corruption and entrepreneurial incentives will bring confidence among the people, which will favour consumption and private initiatives. Without risk of nationalization, need for systematic bribing and with the right to enjoy one's profits, small scale enterprises will certainly come up.

If the military government ensures that foreign investment and growth benefit the common man – Burman or non-Burman, whether in cities or the countryside – border regions will more easily be stabilized, which will facilitate the development of international transport routes such as the Stilwell Road and the Trilateral Highway. Despite the lack of participation in the political process, prosperity will buy peace as striving for wealth will cover up political demands.

Transparency and efficiency of the administration will encourage foreign investment in Myanmar. It will also make bidding for deals over natural resources a clearer process and prevent, to an extent, under-the-table negotiations or sudden reversals. With an overall climate of trust, a population opening to consumerism and transparent administrative procedures, Asian companies will invest massively in Myanmar, a market of more than 50 million people.

What will be the consequences on the international scene? If the Burmese military government followed this path, its neighbours' investments in the country would be secured, along with their commitment to build new infrastructure, as they would know their investments and assets are safe. The Burmese government could perhaps even obtain loans from international financial institutions like the Asian Development Bank.

In addition, even though Western countries would probably not quickly resume relations with Myanmar, the international community's tight condemnation would ease, allowing countries in the West's sphere of influence – say, Eastern Europe, Brazil, North Korea, Japan – to warm up diplomatic and economic relations with Myanmar.

What are India's interests in such a model? Under such reforms, India will find it easier to deal with the Burmese government if the necessity of courting the generals lessens and reliable relations emerge. India suffers at present from the unpredictable attitude of the military junta. Therefore, India will definitely stand to gain if the process of bidding and granting contracts is made more transparent, allowing improved access to Burmese products including natural resources. In addition, India will enjoy greater freedom in its foreign policy, as international pressure will ease.

Controlling inflation and the facilitation of entrepreneurial procedures will leave space for new investments. Indian companies will be able to invest directly in Myanmar, which may bring substantial profits in a fast growing economy. Opportunities for Indo-Burmese private joint-ventures will emerge. Also, Myanmar will grow into a significant market for India's goods, such as pharmaceutical products.

India's exports through land routes will also be facilitated to Southeast Asia and Yunnan if Myanmar can provide the necessary land link to the East. With improved infrastructure, a reliable government, and a peaceful and economically favourable situation, Myanmar will finally act as India's transit route to Southeast Asia and Yunnan. If Kunming and Bangkok can be made to fall within a few days' reach from Assam's capital, Guwahati, overland transportation may supersede

sea freight, bringing revenue to Myanmar and boosting India's trade with Southeast Asia. Joint-ventures between Indian businesses and Yunnanese or Southeast Asian companies will also be easily feasible.

Northeast India will benefit tremendously from this process – provided the Government of India respects its promise to make the Northeast the “gateway to the East.” Greater connectivity will open up new outlets for Northeast Indian products, such as Naga cement or Mizo bamboo.

Besides, Burmese raw materials could be processed as part of the industrialization of Northeast India. To some extent, this is already the case – for example, plywood factories in upper Assam get hardwood from Myanmar. Burmese hydropower will be more easily available most notably on the Chindwin river, close to the Indian border, where India is already developing a project. The increase in border trade will also be profitable to border areas, from which a substantial part of the large Burmese population (composed of refugees and migrants) could return to Myanmar. Such developments in Northeast India – that truly benefit locals – will certainly have a positive impact in containing various insurgencies still active in the region.

India suffers at present from the unpredictable attitude of the military junta. Therefore, India will definitely stand to gain if the process of bidding and granting contracts is made more transparent, allowing improved access to Burmese products including natural resources

II HOW TO GET THERE?

As the Burmese generals will unlikely be wise enough to enact such reforms by themselves, the pre-requirement for a reformed military junta is that Myanmar's neighbours abandon their predatory or colonial politics – facilitated by the junta's “open door” policy – for a more cooperative approach. Indeed, if India, China and Thailand realize how much they would gain from a reformed military regime, they should easily get together to promote a common agenda on

Myanmar – a policy that only they can impress upon the generals, considering their overwhelming share in Myanmar's external trade. This common stance should make it clear to the military rulers that if they follow instructions, they will not lose their grip on power.

Genuine upliftment of the people will, on the contrary, garner substantial popular support for the government leading these reforms – certainly more than the hatred that the present government inspires. The “passion for equality” – the egoistic quest for material wellbeing – that Alexis de Tocqueville described in the United States of the 1830s as a great threat to freedom and democracy, can sadly be used as a tool to maintain an autocratic regime. But in present-day Myanmar, allowing people to envisage a prosperous future would transform their lives even if at the immediate cost of not being able to take part in the political process.

China seems to be getting increasingly tired of the Burmese generals, of the need to constantly humour them, in what is after all, a very uncertain collaboration. The fact is that despite twenty years of international and military support, China has not yet managed to secure a transit route to the Indian Ocean. Therefore, it is time for India and China to transform their rivalry into cooperation, for their own interests as well as for the welfare of the Burmese, and push for the military regime to reform on the lines of China: economic prosperity in a political deadlock.

III CONCLUSION

Change in Myanmar will very unlikely see the advent of democracy. India should therefore bank on a military regime, but try to enhance its reliability. The evolution of the Burmese junta into an illiberal but efficient regime is a very plausible scenario and could satisfy India's needs in the mid-term. Convincing the generals of the utility of positive economic and administrative reform should be possible, as it will open up opportunities for the Burmese and crown the regime with a legitimacy that is presently non-existent. India, for economic reasons as well as security considerations, would stand to gain greatly if such reforms were to be adopted, and should thus,

along with China and ASEAN, try to exert pressure on the military junta in this direction.

REFERENCES

Larry Jagan, “Cracks emerge in Myanmar military unity,” Asia Times Online, 1 October 2007, http://www.atimes.com/atimes/Southeast_Asia/IJ02Ae01.html

“Splits emerge in Burma's army over country's roadmap,” Mizzima News, 21 March 2008; “Crisis looms for Myanmar's riven junta,” Asia Times Online, 26 March 2008, http://www.atimes.com/atimes/Southeast_Asia/JC27Ae01.html

“Factions within junta draw battle lines,” Bangkok Post, 26 March 2008.

Speech by Mani Shankar Aiyer at the seminar on “India's Role in Asian Economic Integration” organized jointly by ADB and ICRIER in New Delhi on 10 March 2008.

Supply and Command, Shwe Gas Movement, July 2006, <http://www.shwe.org/media-releases/publications/file/SUPPLYANDCOMMAND.pdf>.

Alex M. Mutebi, “‘Muddling Through’ Past Legacies: Myanmar's Civil Bureaucracy and the Need for Reform,” in Kyaw Yin Hlaing, Robert H Taylor, Tin Maung Maung Than (ed.), Myanmar: Beyond Politics to Societal Imperatives (Singapore: Institute of Southeast Asian Studies, 2005).

For another perspective on this issue, please see Vibhanshu Shekhar, “A Federal Democratic Myanmar: India's Strategic Imperative,” Issue Brief 67.



**INSTITUTE OF PEACE
AND
CONFLICT STUDIES**

B 7/3 Safdarjung Enclave,
New Delhi 110029 INDIA