

**CHAPTER 5**  
**ASSESSING THE CONTEXT OF GOVERNANCE  
AND DEVELOPMENTAL STATE IN MYANMAR  
(1988-2010)**

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**INTRODUCTION**

This study analyses the state-led development and conditions for the international agenda aimed at introducing good governance and democracy in Myanmar covering the period from 1988 to 2010. The state-building process in Myanmar between 1988 and 2010 was conducted under the exclusive leadership of the Tatmadaw (military) government. This state-building process was criticized and prompted international donors to adopt economic sanction policies that resulted in ceasing the Official Development Assistance (ODA) to the country. Donors set the introduction of liberal democracy, which focuses on regime change and system change in the political system as a condition for resuming assistance to the country. However, they have failed to adopt a proper strategy to help make the country to possess good governance and develop democratic norms. Achieving good governance is, in fact, a long term strategy for improving national development and democracy in Myanmar, and, therefore, this paper argues that politics in Myanmar is not only a matter of regime change or system change, but also a matter of introducing good governance that enables the state to work for national development.

In the report entitled “The Least Developed Countries: the State and Development Governance (LDC), 2009,” the United Nations Conference on Trade and Development (UNCTAD) pointed out that “weakness in the neoliberal thinking” had its effects in the recent economic crisis in which the major victims were the LDCs, which had the least capacity to cope with the crisis. These LDCs were in a difficult position to endure the crisis given the

lack of “considerable additional assistances in the short run and support for alternative development strategies in the long run” (UNCTAD, 2009: 1). With this assessment of capacity of the LDCs and role of the international assistance, the report suggested that LDCs are better focusing on: 1) developing productive capacities, 2) building a new developmental state based on a better balance between the state and the market, and 3) ensuring multilateral support (Ibid, 7). This suggestion highlighted the multilateral support the LDCs need to receive in the course of building productive capacities of the states. It is also a confirmation that many LDCs are still under the state-led development processes, reflecting the conditions of many developing countries, including Myanmar, which has the objective to maintain the state-led development process.

The orthodoxy that good governance and democracy are “essential conditions for development of all societies” dominates the donors’ aid policies and development thinking. Proponents of this orthodoxy argue that “democracy is necessary prior or in parallel condition with, development, not an outcome of it” (Leftwich, 1993: 605). They have, however, failed to recognize the fact that there are different cultures and societies in this modern world, and this often makes it difficult for countries to adopt liberal democracy in their political system immediately (Ibid).

In Myanmar, the Tatmadaw government initiated a process of political change in which a strong state led by the military would be a major feature in the politics after 2010. The US, some Myanmar ethnic groups, and the opposition party “the National League for Democracy (NLD)” perceived the process as a sham political change and demanded that a genuine democracy be implemented. However, the Tatmadaw government perceived this process of change differently; they emphasized stability and security matters that require a strong state to handle. With the state guided open-door economy, the objective of catching up with developed countries, and the efforts to introduce a disciplined democracy, i.e., a kind of nominal democracy, the state in Myanmar would probably transform into a democratic developmental state in Southeast Asian region. It will, however, require a condition that economic growth and some democratic norms such as election, party politics, etc., are successfully implemented. Recent developments in Myanmar suggest that there exists the controlled election, as evidenced by the November 2010 election, and party politics. This is a development that was not existed before 2010. The state in Myanmar will, however, require gaining support (recognition or legitimacy) from the domestic political actors and the international donor countries in order to practice a state-led

development (developmental state) successfully. There was also evidence that successive governments in Myanmar had performed the development strategies similar to those of the developmental states in Asia, including the state-led development in Indonesia under Suharto (Than, 2004: 209, 2007: 393). There were, however, requirements of the state in building a developmental state in Myanmar. Regarding this, Than (2004: 201) argued that: “the state [before 1988]... was, in fact, trying to mimic a developmental state without adequate institutional and financial resources.”

However, this argument of institutional and financial weakness seems to be applicable to the state in Myanmar after 1988, too. The regime that held the state’s power between 1988 and 2010 also had a desire to build a strong state similar to a developmental state. Reform programs, including the administrative reform and market reform, were introduced by the government. There was also evidence of progress and growth as well as failures which resulted from these reform programs. The ability of the state in managing the state’s affairs was, however, criticized by scholars and donors alike, as the country is still categorized as LDC by the international organizations such as the World Bank. There are reasons for this failure.

Fewer scholars have focused on the international donors’ attitudes towards the Tatmadaw government while many other scholars, e.g. Than (2007), have focused on the ineffective and inefficient capacity of the state, i.e., the internal factors preventing the state in Myanmar to become a developmental state. It is however required to analyze the external factors such as international order and donors’ policy towards the regime, too. Without downplaying the internal factors, one of the significant factors was the lack of international assistance required in helping the state to implement good governance. Under the sanction policies adopted by the international donors, assistance was not given to the country. Although it would be difficult to measure the effectiveness of international assistance for the development of a recipient country, there was evidence that international assistance played an important role in helping the recipient countries such as Japan, South Korea, Taiwan, and Indonesia to be developmental states and then transformed into democratic states. The US-led international donors provided assistance to these countries, which were under the state-led development or authoritarian rule. These developmental states were not put under pressure set by donors to democratize their political systems as a condition for receiving assistance. They received considerable assistance for building capable administration and national development. However, in the Myanmar case, political liberalization has been a major condition to be

fulfilled by the state and for the international donors to provide development assistance to the country.

Given such backgrounds, this study attempts to analyze the state-led development, the international assistance and conditions for introducing good governance and the elements of democracy in Myanmar. The article is divided into three parts: 1) the nexus among international assistance, governance and the developmental state (i.e., the conceptual approach); 2) the state's bureaucracy, civil-military relationship and democracy; and 3) the international assistance policies towards Myanmar. The first part attempts to discover the linkage between governance and international assistance and its significance in building a developmental state. The second part will highlight the requirements of introducing good governance in the state bureaucracy and elements of democracy in the political system. The third part emphasizes the political and economic issues and the fact that Myanmar has not received international assistance to introduce good governance and elements of democracy in the state-building process, as it has been under the sanction policies of the major international donors.

## **1. NEXUS AMONG THE DEVELOPMENTAL STATE, INTERNATIONAL ASSISTANCE, AND GOOD GOVERNANCE**

The success of East Asian states in economic development and the collapse of command and control economies after the cold war drew the attention of governments and scholars alike to rethink the role of the state in operating economic, social, and political development. Attempts to elaborate the important role of the state were made by matching state activities to state capacity in terms of what the state does and how it does. Newly Industrialized Economies in East Asia are seen as successful cases for study (The World Bank, 1997: 27). The term 'developmental state' has become a popular phenomenon used as reference point in the art of building a developed nation. However, the exact meaning or concept of the developmental state became increasingly vague and elusive because of the different approaches of the related literature.

In this study, a developmental state is understood as a state that influences, directs, and leads the development (state-led development) of a nation by cooperating with other stakeholders for national development. The developmental state is a state-led development process in which the state has a developmental vision and a capacity to generate successful development

process. This definition of developmental state is related to the perception of governance that a state needs to possess capacity for successful implementation of economic and political development. According to Ghani *et al.* (V. Fritz and A. Rocha Menocal, 2006: 4), a developmental state has the capacity to control a vast majority of its territory, design and deliver policies, and has an institutional, long-term perspective that transcends any specific political figure or leader.

An essential element of a developmental state is the capacity to generate plans or projects for the national development that cannot be weakened by any personal gains. A developmental state must have a capable bureaucracy that works for national development and manages development plans for overall national interests (Beeson, 2004: 30). Most developmental states had capable bureaucracies staffed by talented persons, who were trained especially for formulation and implementation of economic plans and policies of the state. These capable bureaucrats, largely having Ph.D., are called “technocrats.” In Suharto’s Indonesia case, the first generation of technocrats got Ph.D. from abroad, especially from the United States (US). The second generation of the technocrats consisted of persons of different educational backgrounds and followed the footsteps of the first generation technocrats. They played a major role in the economic growth of Indonesia under the New Order development (Takashi, 2006: 13). A developmental state must also possess embedded autonomy, as discussed by Evans. The state is perceived as an institution and the state’s organizations such as the bureaucracy, as having the capacity to establish the external and internal ties or channels for achieving coherence of the organization to gain embedded autonomy (Evans, 1995: 48). The state guides the market and adopted economic policies in cooperation with other stakeholders in the society. For Evans, the practice of meritocratic recruitment and long term career rewards will enable the commitment of stakeholders and a sense of corporate coherence and this corporate coherence is gained from “a concrete set of social ties that binds the state to society and provides institutionalized channels for the continual negotiation and renegotiations of goals and policies” (Ibid.: 12). Evans writes: “only when embeddedness and autonomy are joined together can a state be called developmental” and he asserts that “only the ascension to power of a group with strong ideological convictions and close personal and organizational ties enable the state to regain its autonomy” (1995: 12, 52). This perception of embedded autonomy of a developmental state is related to the concept of good governance that the

state, society, and the private sector institutionally work in a mutually supportive and cooperative way (Simonis, 2004: 4).

An important factor that needs to implement is the effort of the state to control or eliminate corruption as close personal ties within the structure of interaction may lead to the practice of corruption. In many authoritarian states, personal interests, such as power abuse, wealth accumulation, etc., often prevailed in the decision making processes for the public interests. In a developmental state, personal interests and public interests are adjusted mostly by the technocrats and the international pressures. Therefore, the developmental state is also related to governance that “refers to the nature of the rules that regulate public realm —the space where state, economic, and societal actors interact to make decisions” for national development. It is also connected to the concept of governance that refers to the “process of how things are done, not just what is done” (Overseas Development Institute, 2006: 1).

In a developmental state, political stability is perceived by the state as fundamental factor in driving economic growth. However, the state is not a sole actor responsible for national development. It has to cooperate with other actors, too. A developmental state functions differently with the socialist state in which actors, including the private sector, in the society are subordinated to the state. Therefore, a developmental state has much function such as building capacity for economic development, achieving rational plans, and gaining legitimacy (performance legitimacy). Fulfilling these functions is related closely to what many scholars argued as building good governance. Recent scholarly discussions on building a developmental state emphasize a degree of democratization in the state-building process. Scholars attempt to locate elements of democracy in a developmental state. They discuss the nature of elections, political parties, political participation, and so forth.

There are, however, confusions resulting from the attempts of governments to build a developmental state in the contemporary world order dominated by the liberal thinking. Scholars questioned the compatibility of a developmental state “with a state that respects human rights and is democratically governed” (Verena Fritz and Alina Rocha Menocal, 2007: 536). Proponents of developmental state such as Fritz and Menocal (Ibid) argued that it is not to suggest that “all authoritarian regimes are developmental” and that “states need to be authoritarian in order to be developmental.” There is evidence that “democratization and an increase in the developmental orientation of state can occur simultaneously.” Examples of these states are

Brazil, India, South Africa, Mauritius, and Botswana (Ibid). Scholars, including White and Robinson, termed this kind of states as democratic developmental states and predict that this is a trend of state-building likely to continue or to increase (Robinson and White, 1998: 1). Building the democratic institutions in a developmental state will be a difficult task, unless the dominating political actors desire to do so since the process of building the democratic institutions will involve the revolutionary change of the regime and political system. Nevertheless, it is important not to compare a developmental state with a democratic state in a strict sense.

For White, citing Richard Sklar's notion of developmental democracy, democracy can be built from small parts or fragments and this introduction of elements of democracy can become an incentive for the addition of another. His idea is to introduce democratic institutions gradually and these gradually established political institutions playing a role "in shaping processes of democratic politics and influencing policy outcomes..." (Ibid: 32-33). Hence, any effort to build a state-led development needs to meet a level of democracy in order to achieve a credible identity of the state.

Linda Weiss has pointed out the capacity of the state in responding and adapting to the changing global context and the tide of democracy. She (2003: 1) assumed:

"that the state's actions (inactions) —from fiscal conservation and deregulation to welfare restructuring— can be explained readily as a response of besieged or hapless governments to global flows and similar pressures of openness and interdependence."

This highlights the state's capacity to respond to the changing global context and to become a democratic developmental state. We can thus say that building good governance is also a requirement for building a democratic developmental state that reflects the changing international political system. Myanmar will most likely become such a democratic developmental state under the new constitution adopted in May 2008 *if* political unity and economic development is achieved.

There were also studies attempted to match the developments of East Asian countries with those of the neoclassical mainstream. The neoclassical approach attempted to explain the development of East Asian countries from the perspective of the free market where the state plays a minimal role in the market system. The World Bank had even termed the East Asian development as miracle while some scholars suggest that the East Asian development was because of the export-led growth; it was not the state-led growth

where the market mechanism was mainly guided by the state. However, the neoclassical approach has failed to explain the importance of the free market in the case of East Asian development because there were pervasive interventions of the state (Chu, 1997: 4; Weiss, 2005: 9).

The neoclassical discussions of developments of East Asian countries, however, share similarities in the concept of building good governance developed by the international organizations such as the United States Agency for International Development (USAID), the Overseas Development Institute (ODI), etc. The USAID set out five programs that include the building of good governance, namely, 1) Anti-corruption, 2) Democratic Governance of the Security Sector, 3) Decentralization and Democratic Local Governance, 4) Strengthen Legislative Function and Processes, and 5) Policy Reform through Strengthened Executive and Public Sector Performance (Carthers, 2009: 13).<sup>1</sup> There are other different versions of definition of governance developed by the international organizations. The United Nations Development Program (UNDP) defines “governance as the exercise of political, economic and administrative authority to manage a nation's affairs.”<sup>2</sup> The World Bank defines that “governance is the exercise of political power to manage a nation’s affairs” (World Bank, 1989: 6), and it treats good governance synonymously “with sound development management” (World Bank, 1992: 1).

In fact, governance is not only limited to the concept that emphasizes liberal democracy, but also covers other areas such as civil society, political society, economic society, government, bureaucracy, judiciary, and so forth (Overseas Development Institute, 2006: 1). Kimura (2007: 6-7)<sup>3</sup> asserts that governance should include the result-oriented management of government, i.e., economic development and building developmental state. The election implementation, political party building, and civil society building serve as three major fields of democracy. Also, in his article entitled “The Direction of Governance: The Second Pillar of Poverty Reduction Strategy,” he points out the importance of state’s capacity in transforming a state to be a developmental state. This state capacity, citing the term used by Linda Weiss, is called “transformative capacity”, which has the potential to strengthen good

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<sup>1</sup> See more at [http://www.usaid.gov/our\\_work/democracy\\_and\\_governance/technical\\_areas/governance/gov\\_strategy.html](http://www.usaid.gov/our_work/democracy_and_governance/technical_areas/governance/gov_strategy.html), accessed on March 3, 2011.

<sup>2</sup> See at <http://mirror.undp.org/magnet/cdrb/slides/sld002.htm>, accessed on 7<sup>th</sup> March 2011.

<sup>3</sup> Kimura (2007), *Governance: An Introduction to Developmental Politics*, Handout provided in the class, Graduate School of International Development (GSID), First Semester.



governance and the power to transform a state to democracy (Kimura, 2006: 74). Therefore, building good governance is also an important process in building a developmental state in the sense that the state needs to possess capacity, establish link with the society, introduce elements of democracy, and make rational decisions for national development.

Regarding the relationship between aid and governance, there are two aspects: one is that aid could help the recipient governments to concentrate on development strategy; the other is that only when there is good governance in recipient countries, aid will be effective for development. On the one hand, aid, as a relief for budget constrain, could enable government to concentrate on enforcing law and order, thereby providing technical assistance in building effective institutions to improve governance (Tarp, 2006: 22-24). Aid could also be a reason to delay or block domestic reforms aimed at improving governance due to moral problems and rent-seeking under high level of aid volume (Busse and Gröning, 2007: 2). Fritz and Menocal argued that “Aid... can generate negative or preserve incentives and unintended consequences for the development of capable, well governed, effective and accountable state” (Verena Fritz and Alina Rocha Menocal, 2007: 542). All these ideas represented as decisive factors for donors in dealing with the Tatmadaw government in Myanmar. Although it is difficult to measure the effectiveness of international support, the reality is that international support has effects on the development strategies in many developing countries.

In the case of developmental states in South Korea and Taiwan, aid was provided as a result of foreign policy of the US to contain communism. However, “the interests of the US and local technocrats were aligned [and] thus enabling them [i.e., the states in South Korea, Taiwan and the US] to build an alliance in pursuit of certain fundamental reforms,” including land reform, moving from import-substitution industrialization to export-led growth, and in strengthening both state bureaucrats and national economy (Ibid). Recently, Vietnam has enjoyed a considerable amount of aid from international donors and “has managed to build a strong capacity to manage and exert considerable leadership in its relationship with donors” (Ibid). Fritz and Menocal argued that “[d]onor experiences with Vietnam reflect the fact that the international community places considerable value in engaging with states that can be considered developmental” (Ibid).

With this observation of nexus among the developmental state, governance and international assistance, the author will analyze the Myanmar case below. The capacity of state will be analyzed through the state bureaucracy and civil-military relationship in it. This will highlight the conditions of

governance in the hierarchical bureaucratic structure of Myanmar between 1988 and 2010. This includes the discussion on economic and democratic conditions of Myanmar. Following this is the discussion of the international aid agenda in Myanmar and its impacts in building state capacity or strengthening good governance.

## **2. BUREAUCRATIC CAPACITIES AND CIVIL-MILITARY RELATIONSHIP**

In assessing the context of bureaucracy in Myanmar, there are two factors that need to be discussed. The first factor is the legacy of the British colonial rule (1824 and 1947).<sup>4</sup> The British failed to create Myanmar after independence as a state that could continue to administer the country with a capable bureaucracy, although they had introduced certain foundations for what could be called the modern administrative tradition and some features of representative government (Tinker, 1957: 380). In the administrative sector, they introduced new practices that were different from the old system of the Burmese Kingdom. This, on the other hand, destroyed the traditional administrative practices that had been familiar to the local people and local practitioners (Islam, 1996: 183-84).

The other factor that requires discussing in the context of bureaucracy in Myanmar is the damaged bureaucratic structure and the capacity of bureaucratic staff after the independence. The bureaucratic capacity was not developed under British rule. One reason for this was the failure of the British to have produced indigenous bureaucrats who might be able to take the responsibility of executing development plans and projects after independence. Under the British rule, the administrative system was divided into “Ministerial Burma (also called Burma Proper),” populated mainly by Burmans, that was ruled directly and “the peripheral regions that were indirectly administered” (Steinberg, 2009: 28). Although, this seemed to be a system of allowing indigenous administrative tradition to survive in the peripheral or hill regions, there was no information about the trained administrators in these regions. Rather, the British rule had created the inception of ethnic discord among the ethnic groups in Burma (Furnivall, 1953: 22).

Recruitment of new bureaucratic staff under British rule took the form of examination in which the majority of the Burmans were not able to

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<sup>4</sup> Myanmar was also ruled by the Japanese occupation forces between 1942 and 1945.

compete because of the educational limitation (Guyot, 1966: 373). The British had failed to train the native Burmans to possess the skills necessary to run a modern economy since the managers and higher positions in business firms and administration were mainly Europeans (Fenichel and Huff, 1975: 321-22). As an effect of this, native Burmans were unprepared to fill the gap in administration created by the British withdrawal and the independence of Myanmar.

The state under the British rule was also centralized in nature with the bureaucracy being “a highly centralized hierarchy of offices,” i.e., a replica of the bureaucracy used by the British in India. Moreover, since Myanmar was the annexation of British India until 1937, instructions were to be taken from the governor general in India. This prompted the Burmese to ask for a separate administrative system. Therefore, a governor was appointed for Myanmar, and he was responsible only to the British government and his local legislature after 1937 (Guyot, 1966: 357).

With such a background in the pre-war period, the state after the independence was also centralized in nature although it was under the parliamentary democratic system. The administrative framework under the parliamentary government of U Nu (1948-58, 1960-1962) was still the same as it had been under the colonial rule, as the old rules and manuals were utilized and provided “the backbone of the Government” (Ibid: 129). Although the parliamentary government had an objective to transform the bureaucratic administration into a democratic administration, in which attempts were aimed at replacing the red tape system of administration into a democratic one in which decentralization would become a major feature, it was not materialized because the central and local governments continued to use the centralized bureaucratic system that had been the major feature in the colonial period. Power of administration rested with the political bases that occupied the highest positions in the bureaucratic hierarchy. Although decentralization had been a subject of reform by the parliamentary government, the practical events showed that local authorities were still responsible to the central authorities and the political bosses. Therefore, the bureaucrats were not able to represent the people and care for the control of their works (Taylor, 2009: 268; Tinker, 1957: 129-30). Bureaucrats were not regarded by politicians as important actors who could engage in policy-making and use their technical ability to marshal the policies for national development (Tinker, 1957: 131).

Upon independence, the internal instability or the civil war caused by the ethnic and communist insurgencies, constituted a factor that contributed

to the failure of development. Ethnic discord continued as a result of the legacy of the divide and rule policy of the British colony. Settling this problem became the first priority for the newly independent government, as it was a major barrier for development efforts (Furnivall, 1953: 22-3). Maintaining national unity became the main focus of successive governments and it was argued that this legacy of the British colonial rule was a major cause of the failure of development in Myanmar.

Because of the failure of the parliamentary government in steering the country, the Caretaker Government under General Ne Win came into power in 1958 (Englehart, 2005: 623). The priorities of the Caretaker Government were to maintain order and security and to improve bureaucratic efficiency. Practical implementations were followed by positive achievements in disarming the pocket armies, reducing corruption, and improving bureaucratic efficiency (Ibid: 631). However, when power was returned to the parliamentary government, the achievements were lost and this in turn welcomed the re-entry of the military into politics under the name of the Revolutionary Council on March 2, 1962.

At this time, the priority of the Revolutionary Council under the military leadership was to change the democratic political discourse into what they called “the Burmese way to Socialism,” as they believed the failure of the state was due to the malfunctioning of the democratic politics and of the capitalist economy by the parliamentary government. The coup was greeted by the people (Badgley, 1962: 25). In 1974, Ne Win formed the socialist government under the socialist constitution. A more centralized administrative system was introduced (Islam, 1996: 186). The direct military rule, however, was transformed into indirect military rule where the Burma Socialist Programme Party (BSPP) acted as a major single party government in the state affairs (Ibid: 187).

Being committed to the socialist policy, the Ne Win government’s economic strategies were to support the policy of self-reliance under isolationism. Although industrialization was introduced, it was mainly conducted based on the idea of self-reliance and lacked technical assistance and support from the advanced countries. In the bureaucracy, a combination of civil and military related persons filled the important positions of the government while the military involvement in power politics was buttressed by the BSPP. The technocrats, many of them trained in the Soviet Union and Eastern Europe, were only followers of the BSPP and had little say in the developmental agenda. Their competency was dubious, having no authority and little power. During this time, FDI was not welcomed, market forces

were suppressed, and private initiatives were denied (Than, 2007: 311-13). The BSPP government with the backing of the military pursued the political, social, and economic revolution of the socialist state in Myanmar. The economic policies under the Burmese Way to Socialism and the mismanagement of the economy under the military initiative for twenty-six years made it impossible to create a strong state structure, and to steer the path of economic development (Mutebi, 2005: 149-50; Than, 2007: 227).

The economy began deteriorating gradually as the socialist policies were executed without professional expertise, and this finally forced the socialist government to ask the United Nations (UN) to assign the country as LDC in 1987. The consequence was a political upheaval in 1988 that saw the state unable to control the situation and the bureaucratic machinery. The government itself was unable to compensate its own staff and was no longer able to continue monitoring the state machinery (Taylor, 2009: 379).

One of the reasons of the state failure under the socialist government was the lack of support from the society (Selth, 2001: 14). Englehart argues that successive governments after the Caretaker Government had failed to address the governance problems and establish, citing the term used by Micheal Mann, “the infrastructure power” that could provide the state the capacity to “penetrate society with the goal of coordinating and regulating social life” (2005: 631). His dimension on the failure of the state in Myanmar is similar to Evans’s concept of building embedded autonomy of a developmental state. He also asserts that such failure of the state was also a reason that enabled the military government to stay in power for such a long period and gave them a dynamic to “deal with citizen resistance through oppression” (Englehart, 2005: 631-32). Many ethnic groups accused the government of using the policies to favor the Burmese majority as most of the top positions in “the military, the administration, and other institutions of authority were overwhelmingly Burman” (Silverstein, 1997: 188-189). Therefore, the state and bureaucracy in the socialist era of Myanmar were a failure, and the collapse of the socialist government, which was indirectly dominated by the military, saw the coming of direct rule of the military government after 1988.

Many viewed the change of the regime in Myanmar in 1988 as a positive step that would enable change in the institutions of civilian rule and would result in the emergence of a form of democratic government. However, a military regime was created as the transitional governing body that would ensure the stability and order of the state. The military influent state-led political transition was visible since that time. In May 1990 the govern-

ment held a multi-party democratic election. The NLD won a landslide victory in the election. However, formation of a civilian government by the NLD was denied and this incited doubt for many.

With the renaming of the State Law and Order Restoration Council (SLORC) to the State Peace and Development Council (SPDC) on 15 November 1997, the Tatmadaw government reaffirmed its role in “managing a dual transition towards multi-party electoral democracy and a market-oriented economy” (Than 2007: 339-40). Consequently, the number of military officials in the administrative affairs was increasing with the level and duration of the Tatmadaw rule in the country, although a definite account of military penetration into the civilian posts is unknown.

In the higher bureaucratic structure, almost all higher positions of ministries were held by generals and retired military who portray an image of an overt military regime (Ibid). Cabinet portfolios were distributed to senior military officers while General Saw Maung assumed the power of prime minister. The country was officially renamed as Myanmar from Burma in 1989. The direct military rule was reintroduced as a means to maintain security and stability (Callahan, 2003: 210). The state council (SLORC) controlled all the three branches of power, i.e., executive, legislative, and judicial powers. The bureaucratic structure was centralized and controlled by military officers and trusted civil servants. The state power was extended to the level from states or divisions to townships, wards and people’s tracts with a similar structure to the one, the administrative state as mentioned by Robert H. Taylor, which was under the military control (Taylor, 2009: 393-94). Military expansion also increased the number of military persons to an estimation of about 400,000 during the 1990s. The number was twice the number of military persons of less than 200,000 persons in 1988 (James, 2009: 50-51).

Reorganization of the state bureaucracy was initiated as a requirement to gain the control over the administration that had almost stopped functioning due to the demonstration in which many officials participated. Because of this involvement in the demonstration, many were fired from their jobs. Therefore, this reorganization of the bureaucratic administration to generate the effectiveness of the state functions also had the objective of preventing future domestic unrest. In order to consolidate the central military command under the SLORC, ministries were split into a certain number. Regional commanders were brought into the central administration, preventing them from becoming too powerful in the regions and making central bureaucracy stronger. Many regional commanders were appointed into the

expended central administration (Steinberg, 1993: 177). Though this arrangement could be seen as an attempt to establish organizational efficiency and efficacy, they were, on the other hand, serving as a tactic to accommodate the military control over the civilian administration and rewards distribution.

Under the SLORC's early rule, decentralization became a required action because of the incapacity of central authorities, especially the ministries, to take control over industries and offices. Aung Myoe (2009: 68) writes: "This decentralization of political, military, and economic power into the hands of regional commanders gave them immense power. Thus, regional commands became somewhat like autonomous regions." The hierarchical bureaucratic autonomy is centralized by the military domination. As an attempt to maintain control and to increase the high command's authority throughout the country, the Tatmadaw government, initially, reorganized the Ministry of Defense in 1990. Military expansion and modernization throughout the country, on the other hand, enabled the Tatmadaw government to expand its power and thereby take a leading role in state-building process. With the expansion and modernization, local regional commanders became powerful as they were granted the authority to monitor the overall political and economic affairs of their respective regions. These regional commanders initiated the infrastructure building processes, managed the economic welfare of the regions, and expended surveillance and crowd-control capacities (Callahan, 2003: 211-12). However, it was recentralized again from 1992 (Ibid) since the decentralization had enabled the local commanders to become powerful local leaders who might pose as a threat to the central authority. It was therefore required to limit these local commanders and to remove some commanders from their power bases (AungMyoe, 2009: 68-69).

Senior General Than Shwe took the absolute power of the state (Head of State, Head of the Defense Service, and Head of Government [Prime Minister]) until 2003 when he transferred the title of prime minister to General Khin Nyunt. With a cabinet reshuffle in 1997, some regional commanders were appointed at the central level "to take part in the national-level decision-making process" —in taking the places of those who had served at the center and were considered to be retired. During this period, there was also "a call for a more inclusive politics, for more meaningful participation by a wider range of institutions" (James, 2009: 51). The government also recognized such a call for more inclusiveness of the state-building processes. This change of perception of the government was essen-

tial for the strengthening of the civilian institutions of governance (Ibid). However, the power structure of the state did not support such a change to be in place in the foreseeable future.

Regarding the structure of the government at that time, a Myanmar specialist, David I. Steinberg, perceived it as very centralized because of the intensely hierarchical and command-driven military structure of state. The military's trust in the civilian bureaucrats was so low that the latter were not given the influential policy roles (Steinberg, 2001: xxvii, 36).<sup>5</sup> Under this military structure, the civilian bureaucrats and public administration all became under the monitoring of the military commands, leaving them to have the lesser role in carrying out the development projects. There were also regional and local peace and development councils (PDCs) that were responsible for public affairs of the respective regions. There was thus a "four-tier structure of PDCs below the junta: division or state level; district level; township level; and the ward or village level" (Than, 2000: 6). Heads of the PDCs at state, division, and district levels were the military officers while civilian officers were appointed as head of the PDCs of township, ward and village levels. Therefore, it was also not an admitted civil-military partnership as the pattern of power control over the civilian officers by the military officers reflected the supremacy of the military.

The hierarchical bureaucratic structure indicates that the power flowed from above. Apart from the ministers, who functioned and operated the state-building processes under the policies of the state, there were also the state secretaries appointed by the SPDC to monitor the functional and operational effectiveness and competencies of the sidelines ministries at local and regional level. Therefore, it is difficult to say that there was a strong or committed civil-military partnership in the bureaucratic system, as civilians were, for most of the time, following the policies and instructions descended from the SPDC. Rather the bureaucracy was more likely to be an organization that implemented the policies that were not the result of partnership; the SPDC was acting on its own. As suggested by Evans, this may be termed as a problem lacking embedded autonomy gained from partnership.

The widely held perception about the bureaucracy is that appointment and promotion were also based on loyalty and patronage. This in turn resulted in the decreasing level of educational and technical competence of

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<sup>5</sup> Aung Myoe has divided this centralization and decentralization period before and after 1992 (Aung Myoe, 2009: 68).



the bureaucrats and then to bureaucracy. With the appointments of military officers “in senior positions, blocking promotion based on merit and seniority,” civilian officers lacked the incentive to work out policies and development projects with their expertise. In addition to this, because of the fear of making an error that might result in the loss of their jobs, civilian officers became reluctant to take any responsibility or risk any action that required innovations and agreements or approvals from the senior officers (Englehart, 2005: 635). Economic decision making networks became very weak with even minor decisions being passed up to higher authority (Taylor, 2009: 379).

Englehart terms the bureaucracy in Myanmar as “a prebendal bureaucracy” where civil servants “lived off fees paid for services, rather than a salary.” As a result, corruption became a phenomenon that dealt with the service delivery of the state bureaucracy (Englehart, 2005: 635-36). Nevertheless, corruption is not a case that was totally neglected by the Tatmadaw government. There was evidence that it had tried to deal with the issue with a degree of seriousness. A visible example was the clearance of hundreds of senior and junior officers from their offices in 2004, and the previous actions taken against the generals, who were believed to have committed or were implicated with corruption.

Another problem in the development process of Myanmar under the Tatmadaw government was the questionable plans made under the centralized decision-making system. This is a case of there being a lack of rational plans that were featured in the most successful developmental states. Without autonomy and rational plans, organizations and institutions may weaken. Therefore, we can conclude that weaknesses in bureaucratic and administrative institutions constituted weaknesses of the state in building a modern developed nation in Myanmar.

### **3. CONTEXT OF POLITICAL AND ECONOMIC DEVELOPMENT**

For over twenty years since the 1990 election, Myanmar did not have a single election that enabled universal suffrage. The first election after the 1990 election was held on November 7, 2010 and the result was criticized by many. Moreover, the National Convention was described by the Tatmadaw government as the channel for the discussion of state policies since it was attended by the ethnic groups, the political parties, farmers, workers, etc. (Ba NyarAung, 2009: 73). The Tatmadaw government argued that, with the

election and political change, there would be a channelized place (parliament or assembly) in which elected representatives can talk about the state policies. However, many still asked the Tatmadaw leaders to make the political process more inclusive and more credible.<sup>6</sup>

During the 1988-2010 periods there were reports about the abuse of human rights, political repressions, extra-legal jurisdictions, and so on. On the other hand, there was a tremendous increase in the number of the political actors after 1988 while the BSPP had been the only political party dominated in the politics under the previous socialist regime. About a hundred political parties were allowed to contest the 1990 election. The most prominent actor became to be Aung San Suu Kyi (Singh, 2006: 80). However, she was put under house arrest and prison term of three times, in total for more than 15 years, since she came back to Myanmar from abroad in 1988. Her latest release was on November 13, 2010.

The Tatmadaw government termed the National Convention as a genuine ground for achieving political agreements and political development. All segments of the society were expected to have a say in it (H.E. U Khin Maung Win, 2004: 5). Liberal democracy was perceived as a term that was still new to be practiced immediately and a step-by-step approach was preferable by the government (The New Light of Myanmar, 2010). Therefore, they coined the term “disciplined democracy” and introduced it in the constitution that was adopted in May 2008. The disciplined democracy prioritizes national unity, peace, and the rule of law, which are assumed essential for the existence of the state and the people. Democratization is to be sponsored by those who hold the power (i.e., the transformation from the above) (Min Bay Dar - PwintPhyu, 2009: 125, 127-128).

For the opposition, the political process initiated by the Tatmadaw government was merely a process allowing the military to cement its role in politics legally and if it was to continue with credibility, the opposition asked the government to make adjustments in the process.<sup>7</sup> There are reports that members of the political parties were arrested under the charges of the

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<sup>6</sup> While the US and the West are clearly urging the government to release Aung San Suu Kyi and other political prisoners in order to prove that the political process is inclusive, the UN and ASEAN seem to be softer in their demands for the inclusive political process in Myanmar.

<sup>7</sup> The prescribed principles for convening the National Convention included the role of the military to take a leading position in the future of Myanmar. This became the main topic of adjustment and made it difficult to get agreement between the government and the opposition party.

alleged violation of the existing laws, especially relating to security matters. Therefore, human rights issues became a problem faced by the government (Ewing-Chow, 2007: 155).

The Tatmadaw government, nevertheless, could initiate remarkable ceasefire agreements with the 17 ethnic insurgent groups during the period between March 1989 and April 1997. In Myanmar, there are 135 ethnics (categorized from the 8 main “national races” of Myanmar). Most of these ethnic groups formed the political parties and participated in the 1990 general election. Therefore, it is important for the state to get the trust and support from these ethnic groups and political parties for political stability, unity and for building a developed nation. However, credit should be given to the Tatmadaw government for having reached such ceasefire agreements with the 17 ethnic groups since no previous government had done so. Two major ethnic insurgent groups, (the Karen National Union - KNU- and the Shan State Army — SSA-South), and some small groups are left to reach an agreement while many others joined in the peace-talks and in the political process implemented by the government (South, 2007: 3). Recently, crack has appeared in the relations among some ceasefire groups since politically agreed solution for a future Union has not yet been reached.

Current developments do not suggest a situation that an internationally recognized liberal democratic regime would occur in the near future, as the 2008 constitution that guarantees the involvement of the military is already in place and the first parliamentary meeting, consisting of elected and selected members from the November 2010 election, was held in February 2011. The US, the UK, the UN, and other countries in the West have expressed concern about a wider inclusion of the major stakeholders in the transitional process led by the Tatmadaw government. The opposition and the international community are demanding a review of the constitution by the government in order to reach an agreement with all political stakeholders, especially with the main opposition party NLD led by Aung San Suu Kyi.

After the scheduled November 2010 election, there were changes in the central bureaucracy. The Tatmadaw government had also prepared necessary conditions for the future state under a new political system. Civilian representatives of the political parties and the military representatives are to be included in the administrative and legislative positions and decision-making processes. The government had revealed that the administrative reforms were underway that aimed to ensure stability, community peace and the rule of law in order to enable the administrative machinery to create foundations and prospects for the future state. It was an effort to

implement the reforms that would be compatible with the government's desire of building a disciplined democratic state (Brig-Gen Kyaw Hsan, 2006).

Many senior generals were forced to relinquish their commissions on August 27, 2010. They have, in fact, participated in the election in order to make sure of a military strong hold in the government that will occur after the election. This also means that a form of military-civilian government will emerge after the election, and this suggests the future developmental process of Myanmar which will likely be the one that is state-led and dominated by the military and civilianized persons.

A total of 37 political parties with over 3000 candidates took "part in the (2010) elections for a total of 1154 seats at the People's Parliament (*Hluttaw*), National Parliament and State/Region Parliaments" (Foreign Minister U Nyun Win, 2010: 10). As expected by many, the government-backed Union Solidarity and Development Party (USDP) won 882 seats out of the 1154 seats for the *Hluttaws*. Next to the USDP was the National Unity Party (NUP). A form of military-civilian government was formed in April 2011.

An improvement in the 2010 election was the existence of the opposition parties although their strength is much weaker than the USDP. Their objective is to find a space that can maximize the interest of the majority of the people in the short term and create a liberal democratic system in the long term. They see the existing politics as statics and needs dynamism. However, this dynamism is not based on political confrontation or power struggle because of the imbalance of power between the state and non-state political actors and, therefore, they try to find the space—both in politics and social spheres—under the rules of the game provided by the power holders. They see the change of the long-rooted political culture as an evolutionary process and hope that this can maximize the democratic norms and institutions in the long term. Therefore, they try to engage in activities that can generate the process to maximize the democratic norms and institutions. They focus on the governance matters such as educating people with the developmental thinking, helping the people in needs, extending human rights through the space they have, transparency, state capacity and so on. Because of their stance that they are neither pro nor anti to the government, they are called the Third Force (Sai Khaing Myo Tun, 2008: 179).

One of the significant changes under the Tatmadaw government's political arrangement is the allowance of some ethnic groups the status of possessing the special regions with self-administrative power. An ethnic

group that agreed ceasefire with the government is the United Wa State Army (UWSA) that is based in Shan State, the Eastern part of Myanmar. The government allowed them to handle their regional affairs with their own authority. It is a special region where the government delegates regional management power to an ethnic group. The UWSA has its own fund and armed forces, and the local people are under its administrative rules. In 2009, they changed the name of the Special Region into the Special Region of Wa Local Government of the Union of Myanmar by informing the government about the change (Wyne, 2009).<sup>8</sup> They were not very vocal about the government policy. This seems to be a feature of local government in a Union.

Lately, the relationship between the government and the ceasefire ethnic groups has become strained when the government asked them to act as the border guard force and to unite their armed forces under the Union army (Weng, 2010).<sup>9</sup> If such an arrangement of dealing with the ethnic groups is done effectively under a political consensus emerging from the systematic political negotiations among the stakeholders, the problem of the internal war or the threat of secession is likely to be overcome. However, this will require a consensus based rules of game and regularized procedures; both sides need to have entered a bargaining process with the agreement that no topic relating to secession will be discussed. The topic will be on socio-economic affairs, including preserving the ethnic culture, budget allocation, administrative power sharing, economic policies, and so forth. In the political sphere, topics about power sharing or delegation under a constitution can also be discussed. Apart from the party politics, Myanmar has ethnic based problems to be handled by any government that emerges.

Regarding the economic development, the Tatmadaw government perceived that it is important to achieve a development level that is recognized by the people as this will enable the government to gain support for the nation-building process (Senior General Than Shwe, 2010: 9). They perceived the legitimacy of the military's involvement in government would be brought about by their performance of economic development (performance legitimacy). Therefore, they embarked on the market economy and attempted to unite the country. They adopted an economic reform policy with the slogan of "legalization of trade" and "open-door economy" soon after coming into power (Maung, 1992: 217). However, trade was not totally free

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<sup>8</sup> Available at <http://www.mizzimaburmese.com/news/inside-burma/2212-uwsa----.html>, accessed on April 16, 2009.

<sup>9</sup> Available at [http://irrawaddy.org/article.php?art\\_id=18345](http://irrawaddy.org/article.php?art_id=18345), accessed on June 25, 2007.

since “the state still plan[ed] following the same methods used during the socialist era,” and the state controlled the trade with “a maze of licenses, rules, regulations, and procedures that keep changing, as the state encounter[ed] what it perceive[ed] as challenges be domestic and foreign business” (Than, 2007: 395).

The government had introduced several reform processes, including the restructuring of legal and administrative institutions and other institutions that were deemed important for the opening of market, and expanding the private sector, reducing state monopolies in the economy, improving the banking services, and privatizations (Than, 2007: 355). The opening of border trade and establishing joint ventures and liberalization of the market and private sector were implemented accordingly (Fujita, Mieno, and Okamoto, 2009: 5). There were signs of industrial growth, especially in the sectors such as mining, energy, processing and manufacturing, and electricity generation throughout the 1990s and at the start of the new century. The primary factor for the growth in these sectors was the growth of private sector (Kudo, 2009: 67). Under the reform process, Myanmar witnessed economic growth for some years between 1990 and 2000 (Fujita, Mieno, and Okamoto, 2009: 24). However, this growth was not sustained as many development policies were still state sponsored, not apolitical, and lacked the inclusive participation of other stakeholders. On the other hand, the government has been trapped between the desire to maintain national reconsolidation and the need to promote economic development.

A problem of economic development was the existence of crony capitalism. A reason for the stronghold of this crony capitalism is the privatization process that benefits businessmen closer to the power holders. Since many state-owned economic enterprises were not in the favorable conditions benefiting the state economically, they were privatized gradually since the start of the open-door economy with the objective of promoting private sector involvement in the economy. Many state-owned industries and enterprises, factories, buildings, lands, and so forth were sold out by the government. Most of those enterprises nationalized during 1960s were also privatized (The Xinhua 2010).<sup>10</sup> However, large enterprises and industries were granted to the businessmen who had close relations with the authorities.<sup>11</sup>

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<sup>10</sup> Available at <http://english.peopledaily.com.cn/90001/90778/90858/90863/6889189.html>, accessed on October 9, 2010.

<sup>11</sup> Check [http://en.wikipedia.org/wiki/Htoo\\_Group\\_of\\_Companies](http://en.wikipedia.org/wiki/Htoo_Group_of_Companies).

Another problem present in the economic development of the state was the requirement to include the developmental elites and the economic technocrats as in many developmental states. Being without the developmental elites, development policies and implementation became a result of the dilemma between the political and economic considerations, i.e., the desire to gain performance legitimacy of the state through economic development. The state became the sole actor in guiding both political and economic developments. Without competent bureaucrats (i.e., the economic technocrats) and other stakeholders (i.e., the developmental elites) who could support and work together with the government in implementing national economic development processes, development projects were considered irrational. The bureaucratic structure was the same as the one from the socialist era in which the government took the sole responsibility in policy making (Than, 2007: 395, 354-55).

#### **4. THE IMPORTANCE OF INTERNATIONAL ASSISTANCE IN THE STATE-LED DEVELOPMENT OF MYANMAR**

Apart from the internal factors of political and economic management of the Tatmadaw government, Myanmar has not been one of the countries on the lists of nations supported by the US and the West. In considering assistance to Myanmar, donors were often faced with the dilemma of its effectiveness. They were reluctant to provide the assistance through the channels of the state and thus Myanmar had received a small amount of aid compared to other countries. In short, politics has been a major reason for this. The US reasoned “that aid should not be given until the regime established genuine democracy” (Seekins, 2007: 97-98). The effect of terminating international assistance to Myanmar is that people in need received a very small amount of aid- from countries such as Japan, India, and China- comparing to other poor countries in the world. Myanmar received just US\$4 per person in ODA in 2007, much less than Cambodia (\$47) and Laos (\$68) in the same year (Anon, 2009). More importantly, sanction policies by the developed countries had caused the country to be unable to receive developmental assistance, including those for administrative efficiency and efficacy. Indonesia under the authoritarian regime of Suharto had continuously received such assistance from the US and the West.

A major factor for the US and the West to support Indonesia under the Suharto’s authoritarian regime was because of its anti-communism attitude,

the major interest of the US at that time. However, they did not see Myanmar as having good reasons for enhancing their interests with the end of the cold war. Hence, the possibility of the US and the West to make a serious attempt to support the building of states capacity and the emergence of a liberal democratic system in Myanmar has been minimal. For these countries, it seems that Myanmar does not have the status of Iraq, North Korea,<sup>12</sup> and Afghanistan. Unlike the authoritarian state of Suharto in Indonesia, which was fortunate to receive a large amount of aid at the time the rivalry between the East and the West was still intense, Myanmar has lacked support that might have helped developed the bureaucratic capacity in the advanced international community that favors a liberal democracy.

According to Steinberg (2010: 180), “[t]he US has enacted four stages of sanctions against the regime, which at the close of 2009 were still in place.” The first stage was introduced after the military coup in 1988. At this stage, “all foreign assistance monies, except for humanitarian assistance,” were ceased. The second stage was in 1997 when the US “restricted visas for certain military officials of Myanmar and their families, and prohibited new investment by American business in the country” and the third came “in May 2003, when an NLD caravan, including Aung San Suu Kyi, was attacked and an unknown number [was] killed” (Ibid: 181). At this stage, the sanctions include the use of the US banking facilities, and “restricting travel to the US of higher-ranking military figures and their families, as well as civilian employees of the government” (Ibid: 182). Many garment industries were hit, and the effect was the loss of jobs by workers, mostly female; many had even to turn to other unpleasant earnings including prostitution for survival. More than 80,000 workers lost their jobs (Kudo and Toshihiro Kudo, 2005: 4).

The fourth stage of US sanction came in 2008, “prompted by the brutal suppression of the ‘saffron revolution’ of 2007.” It included the restriction of the importation of jade and rubies of Myanmar, the prohibition of any US citizen engaging any businesses and investing in the country (Steinberg, 2010: 182). However, the effectiveness of the US sanctions has been questioned by many (Ibid: 194), since they have been in place for more than 20 years now and still there has been no significant changes happening to the situation in Myanmar. Other international donors also participated in

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<sup>12</sup> Although there were signs of Myanmar’s improved relations with North Korea and rumors or information about the attempts by Myanmar to get nuclear technology from the latter, the interests of the US and the West are still unattainable.



the sanctions, although they were not strictly followed the US style sanctions. For example, Japanese aid policy towards the Tatmadaw government in Myanmar was based on democratization and human rights issues inside the country. Similar to the US, a factor of Japanese aid policy was relating to the role of Aung San Suu Kyi in the process of democratization in Myanmar. However, Japan has continued to provide assistance to Myanmar under the name of humanitarian aid and the continuation of the olds (Sai Khaing Myo Tun, 2008: 93).

The assistance from the US did not come to Myanmar from the government via government channels; rather the US chose to provide assistance to the exiled Myanmar people, internally displaced persons, migrants and refugees based in the Thai-Myanmar border. This assistance was in the form of providing educational opportunities and health care programs, receiving refugees to the US, supporting outside based media, and so forth. These kinds of assistance are welcomed since they may help produce good governance and foundations for development in the longer term when the country has achieved the level of a democratic state and given the condition that these people come back to work for the people of their country. On the other hand, there are still requirements for the US and other donors to find ways to provide assistance for the emergence of good governance and helpful programs for the over 50 million people inside the country. Under the changed policy of president Obama and after the Cyclone Nagis that hit Myanmar in 2007 affecting over 2.4 million people, assistance was provided to the people inside Myanmar. According to the USAID website, 75 million dollars was provided to the affected communities (USAID n.d.). However, it has been more than over two decades now that the US has been consistent in its policy of not maintaining the direct relationship with the Tatmadaw government of Myanmar. It is a long enough period to be able to assess the effectiveness of the US's aid policy towards Myanmar. A more internal oriented aid policy will be helpful for the country.

For the European countries, their position on democratization and human rights in Myanmar is more visible than other donors since "new elections would be acceptable" in order to consider their assistance (Haacke, 2006: 62). On the other hand, they had continued providing assistance to the country under the title of humanitarian concern, especially for the health sector through the 3D (3 diseases, namely, HIV and AIDS, TB and malaria)

fund. The fund is a US\$125 million worth project.<sup>13</sup> Recently, Britain increased its assistance to Myanmar for supporting health and education sector, especially in rural areas (Weekly Eleven News Journal 2011: 12). According to the government released information, foreign aids and grants for the “State Administrative Organizations” was only 0.2% of the receipts of the state budget in 1999-2000, and this was a decrease from 1.5% for the year 1980 -81 and from 1.8% for the year 1997-98 (Central Statistical Organization, 2009: 338-39). As has been discussed previously, this kind of assistance in the administrative sector is an essential requirement for a country like Myanmar, which has limited capacity to deal with its administrative bureaucracy efficiently.

The author perceives that providing assistance for introducing good governance is a different concept with economic sanctions. Sanctions mainly targeted the policy change and regime change to the course of democracy while assistance could be used as a tool to introduce good governance that might be helpful for people in need in the short term and for systematic management of national development in the long term.

The state in Indonesia under the authoritarian regime had managed to receive aid in the cold war era and when the major donor countries were more concerned about the containment of communism (Posthumus, 1972: 55). Especially effective for Indonesia was the production of technocrats and developmental elites as a result of assistances from the US. Assistance policy was based on the harmonized policies of the donors and mainly focused on the economic development of Indonesia (Posthumus, 1972: 55). The amount of the assistance increased year by year. The emergence of the developmental elites in Indonesia under Suharto had its roots in the attempt of the US to introduce the idea of modernization to the regime in Indonesia as a strategy to counter communism. The strategy was to create an academic environment that would enable the American to maximize its interests or ideas in Indonesia through the assistance plans (Ransom, 1976: 93).

Many military officers were trained to be development oriented or developmental elites. These military officers began to make alliances with the intellectual and academic community in their attempt to eliminate the communists. This kind of foreign assistance seems to be an important factor in making the military officers became familiar with the politics of development and became development oriented. With this development, there

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<sup>13</sup> See more at <http://www.3dfund.org>, accessed on October 12, 2010.

occurred “a new form of government-military-private enterprise” although the army began to control the whole state apparatus (Ransom, 1970).

Analogous to the history of Indonesia in sending military officers to receive training abroad, a number of military officers from Myanmar had been sent to countries like India, Israel, Yugoslavia, East Germany, the UK, the US, the Soviet Union, and some European countries since 1952, and their reports were used in shaping the training policies and programs of the Tatmadaw. However, within 10 years (from 1953 to 1963), only 18 senior officers were sent to Fort Leavenworth (Aung Myoe, 2009: 137-38). After the military coup of the state power from 1962, military training abroad “decreased dramatically.” Moreover, the number of the military officers who received trainings from abroad was small compared to the case in Indonesia. The number of military officers and other ranks sent abroad for training between 1948 and 1989, i.e., 41 years, was fewer than 2000. (Aung Myoe, 2009: 137-39).

When the Tatmadaw again ruled the state in 1988, the US, the UK, and Australia stopped providing military training to the Tatmadaw officers. Therefore, military training was received from Malaysia, Singapore, India, Pakistan, Russia, Yugoslavia, and China instead. With the regime’s improved relations with Russia, the number of military officers trained in Russia increased since 2001, specializing in “nuclear physics, aviation, and other military related subjects” (AungMyoe, 2009: 139). As far as the author is aware, there is no information suggesting that military officers were sent abroad for receiving development related subjects so as to assist the Tatmadaw’s objective of building a modern developed nation. This is a major difference with Indonesia in making the military officers to be familiar with development studies and to become developmental elites.

## **CONCLUSION**

Based on the study above, it is found that there are limitations for building a successful state-led development in Myanmar. The major reason was the failure to establish the capacity of the state in responding to the political, social, and economic situations. First of all, the state had the difficulties to construct a competent bureaucracy as an institution to institutionalize the coordination mechanism between the government and the society, including the private sector. The bureaucracy was not constructed to be an organization that worked for the national policy of economic deve-

lopment for many reasons. Instead, it often functioned according to the instructions of the power holders of the state. There are several reasons for the present state of the bureaucracy. A reason was the security oriented state-building process that resulted in the ineffective state capacity in dealing with economic development. Another reason was the absence of international assistance that would enable the state to acquire the capacity to implement good governance.

Among other factors, civilian bureaucrats were not treated as equal partners to the military and civilianized officers since the country was under the direct military rule. The decision-making process was centralized under the hierarchical bureaucratic structure or under the command driven bureaucratic structure. This made the bureaucrats depend on the instructions coming from above and to work according to the instructions; therefore, they failed to take initiatives that might risk their existing status. Finally, they came to lack a sense of innovation and confidence. The bureaucrats could not establish the committed civilian-military partnership that can facilitate the formation of a good connection with the civil society as a whole. This in turn renders the state unable to increase its capacity or to gain the legitimacy to successfully implement the development goals and to legalize their efforts.

Politically, it can be said that the state in Myanmar had been in the transitional period between 1988 and 2010 and a new form of government that may emphasize on some elements of good governance such as anti-corruption, deconcentration or decentralization of power, etc., will only occur in 2011. The new President of the Republic of the Union of Myanmar has emphasized these issues in his first address to the state on April 6, 2011 (U TheinSein, 2011: 1, 8). However, the major problem will be the national unity that requires the state enter into the process of national unification. A change from the past is the change from the direct military rule to indirect military rule. The new government will have to introduce and implement the genuine politics of reach and inclusion in the political process.

In the economic sector, Myanmar has needed to introduce the economic technocrats and the developmental elites. When there were no economic technocrats and the developmental elites, long-term stable development policies and plans were often accused of lacking the inclusiveness and participation of other stakeholders. Plans were often accused as being irrational. The state-led open-door economy has been up and down under the sole guidance of the state. It is also required to handle the problem of cronyism in order to create an equitable economic environment.

Finally, one reason for the absence of support from major international donors for the development of the state is that donors' policies towards the state in Myanmar are more related to the political issues and thus lack the dynamism for the development of the country that includes the strengthening of good governance. Since the state has a fiscal deficit, its expenditures on the important sectors like educational development and health improvement is limited. Therefore, major international assistance is required and the state for its part is required to adjust its spending by limiting unnecessary output.

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