

Explaining Myanmar's Democratisation: The Periphery is Central

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Abstract

Since Myanmar (Burma) held its first elections after 22 years of direct military rule in 2010, many have asked why the dictatorship suddenly democratised. Myanmar is a puzzling case for mainstream democratisation theories. So far, only ad hoc explanations have been offered, which generally depict democratisation as a short-term response to anticipated or actual crises. This article rejects these explanations, emphasising the long-term nature of Myanmar's transition. Instead, it argues the decisive factor was the regime's growing confidence that it could successfully oversee regime change with the military's interests and, most importantly, Myanmar's sovereignty and territorial integrity remaining intact. The fundamental reason for this confidence is the central regime's unprecedented dominance over Myanmar's borderlands, home to the world's longest-running ethnic insurgencies. Through a political economy-focused analysis, the article explains how the regime has gradually subdued the borderlands through coercion and economic co-optation. Combined with the repression of Burman pro-democracy activists, this gave the regime sufficient confidence to implement its long-standing plans to impose 'disciplined democracy'. The conclusion draws out implications for democratisation theories, Western policymakers and Myanmar political actors.

Key words: Myanmar, Burma, democratisation, ethnic conflict, state-building, sanctions

Introduction

In 2010, Myanmar held its first elections since 1990, formally ending a 22-year military dictatorship.¹ Although the elections were widely dismissed as flawed, the civilianised regime of former general President Thein Sein surprised many observers by releasing political prisoners, enacting economic reform, and enabling Aung San Suu Kyi's National League for Democracy (NLD) – the largest party in the 1990 polls – to enter parliament through freely-contested bye-elections in 2011. This led many to take the transition more seriously and ask why Myanmar has democratised.

The case of Myanmar seems puzzling from the perspective of mainstream democratisation theories. These approaches typically suggest that state strength impedes

¹ Burma was renamed Myanmar in 1989. This article uses 'Burma' to refer to the country before this, and 'Myanmar' thereafter.

democratisation. Structuralists argue democratisation is enabled by a balance of power between the state and independent social classes. Modernisation theorists suggest statism undermines democracy by making economic and social development dependent on the whim of state elites. Overwhelming state power is also problematic for transition theorists, given that they see democratisation emerging via struggles between societal groups (Potter, 1997: 27). Prior to democratisation, the Myanmar dictatorship's resilience was typically attributed to the state's capacity to suppress all dissent and the highly fragmented, weak nature of opposition groups (Taylor, 2009). Civil society, so often invoked as an explanatory element by democratisation theorists, had already been 'murdered' by the previous Burmese Socialist Program Party (BSPP) regime (Steinberg, 2001: 106), and the military repressed pro-democracy protests in 1988 and its main agents, the NLD and the '88 Generation of Students. Whilst the army doubled in size, armed rebel groups had been tempted and coerced into ceasefires (Smith, 2007). In 2010, the regime was thus seen as moving from a position of *strength*, not weakness, the army supposedly having 'no intentions of surrendering control' (Pedersen, 2011). The state's very power thus makes the regime's decision to democratise appear puzzling.

Myanmar also appears an unfavourable context for democratic change given its longstanding ethnic conflicts. Myanmar is home to 135 ethnicities, grouped into nine 'nationalities', and has experienced serious separatist conflict since 1948. Many authors argue that ethnic diversity and conflict is an impediment to democratisation, and may even be inflamed by it (e.g. Rabushka and Shepsle, 1972; Bingham-Powell, 1982; Diamond and Plattner, 1994). This stark view has been qualified by recent research arguing that elite strategy and institutional 'fixes' may defuse this potential (e.g. Mousseu, 2001; Reilly, 2001; Beissinger, 2008). However, Holliday (2008) argues that these conditions are absent in Myanmar, which instead has many of the conditions identified by Mansfield and Snyder (2005) as highly deleterious for peaceful democratic transition. The federalist demands of Myanmar's ethnic minorities were not accommodated in the 2008 constitution, and major ceasefires that had held since 1994 degenerated during the transition, apparently confirming these bleak predictions. Again, therefore, the regime's reasons for democratising may appear puzzling.

In the absence of systematic analysis, observers have offered ad hoc explanations. For Western policymakers, these generally revolve around the regime being compelled to change by a current or anticipated crisis. British officials have cited Western economic sanctions, concern about China's powerful influence and fear of an Arab Spring-style uprising.² US diplomats, similarly, invoke the impact of sanctions, fear of China, and the generals' desire for an exit strategy to safeguard their security (US Embassy, 2009a).

Space considerations preclude detailed scrutiny of these explanations but there are good reasons to doubt them. The scholarly consensus on sanctions is that their impact was negligible or even counterproductive (Pedersen, 2008). Despite sanctions, under military rule, Myanmar's imports increased from \$246m to \$4.8bn, exports from \$167m to \$8.7bn, inward investment from \$4m to \$8.3bn and overall GDP from \$12.6bn to \$45.4bn (IMF, 2011; UNCTAD, 2012). Although sanctions may have constrained this expansion, the regime had tolerated Myanmar's increasing isolation from Western markets for twenty years, reorienting the economy eastwards and extracting sufficient resources to considerably bolster the military. Indeed, thanks to booming natural resource exports, the regime and its allies were increasingly wealthy. Western leverage had largely evaporated and no short-term economic crisis forced the army back to its barracks. Similarly, China's growing influence had also

² Remarks made by senior officials at Wilton Park Conference 1174, 'Burma: Long Term Challenges and International Responses', 5 March 2012. See also (Liddington, 2012).

been tolerated for two decades as the flipside of Beijing's massive arms transfers, foreign investment and support at the United Nations. Although certainly a popular and elite concern, again, there was no sudden escalation in Chinese influence or pressure that could explain an abrupt shift to democracy. Indeed, China has exhibited concern about Myanmar's democratisation, since it enables Western rapprochement and has led to the suspension of a major hydropower investment project. The claim that the generals feared an Arab Spring-style uprising is the least plausible. Although widespread unrest toppled the BSPP regime in 1988, thereafter, the only serious episode of disorder was in September 2007, when up to 100,000 Buddhist monks protested in major cities against price rises and lack of progress towards democracy. However, the wider population remained passive and the protests were easily dispersed. Indeed, the general response to military rule (and the emiserating effects of sanctions) has been depoliticisation, alienation, and a focus on day-to-day survival (Skidmore, 2004). In a 2010 survey, only eight percent of respondents were willing to join political protests. Unsurprisingly, in a 2011 survey, 94 percent did not expect Arab Spring-style unrest in Myanmar (Kyaw Yin Hlaing, 2012: 203).

Each of these explanations are flawed because they share two mistaken assumptions. First, the regime always intended to remain in power; second, the move towards democracy was sudden. Hence, what is to be explained is an abrupt, unexpected shift. This naturally leads one to grope for ad hoc, short-term, crisis-driven causes. These assumptions are belied by the regime's behaviour, and by what we know generally about military regimes. Such regimes are typically shorter-lived than personalist or one-party dictatorships because they care less about perpetuating their rule than safeguarding their corporate interests and defusing threats to states' territorial integrity and internal order (Geddes, 1999). Far from clinging to power indefinitely, Myanmar's junta tried to transfer power safely to civilians three times: once in 1990 when elections were held to develop a new constitution prior to transferring power; again in the mid-1990s, when the junta convened a National Convention (NC) to again draft a constitution; and finally from 2003-2010. The latest effort began in 2003 when the regime announced a seven-step 'roadmap to democracy' (Government of Myanmar, 2003). The NC reconvened from 2004-2007 and a draft constitution was approved via national referendum in 2008, prior to the 2010 elections. This reiterated, lengthy, carefully managed process shows that Myanmar's democratisation was not a 'sudden' event requiring short-term explanations. This misperception arises from the dismissive attitude adopted towards these earlier steps.

An adequate explanation of Myanmar's democratisation must therefore address three related questions. First, what was the regime trying to do when taking these steps? Second, why were its first two attempts unsuccessful? Third, why did its third attempt succeed? The article answers as follows. The military regime never intended to stay in power indefinitely but wished to transfer power to a moderate civilian regime that would safeguard military interests and preserve Myanmar's territorial integrity and political unity. To achieve this it sought to co-opt its opponents into a 'disciplined democracy': a highly constrained electoral regime that would entrench military influence, prevent democratic politics endangering the state, and contain centrifugal forces, particularly Myanmar's ethnic-minority separatists. Its effort in the 1990s failed because opposition groups retained sufficient power to 'veto' the process. By the early-2000s, however, opposition forces had been so weakened vis-à-vis the regime that, even without total consent, the junta felt confident enough to impose its preferred settlement. Although the democratic opposition's suppression was an important element of this shift, most crucial was the weakening of ethnic-minority resistance groups in Myanmar's borderlands. Hence, the 'periphery' is central in explaining Myanmar's democratisation.

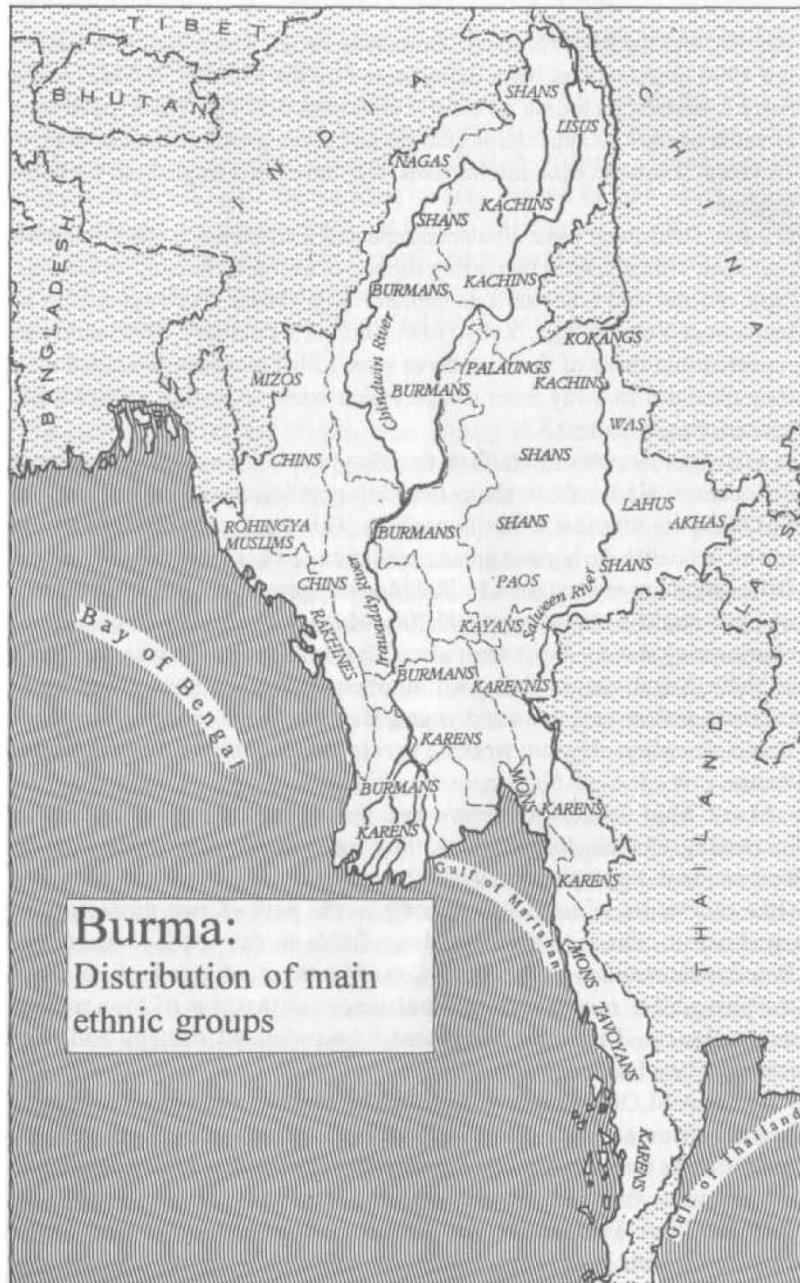
The article proceeds in two subsequent sections. The first analyses Myanmar's military rulers' political perceptions and strategy. It explores the socio-political challenges

from the generals' perspective, and briefly outlines their plans for political transition, established in the early 1990s. The second section explores the transformation in state-society relations over the next decade that allowed a virtually unaltered strategy to succeed in 2010. It identifies the mechanisms by which ethnic-minority resistance groups were coerced and co-opted into accepting a settlement in 2008 that they had 'vetoed' in 1996. Key to this process was the development of 'ceasefire capitalism' in the borderlands, associated with the transformation of Myanmar's economic and geopolitical context. Finally, the conclusion identifies implications for the democratisation literature and for Western policymakers and Myanmar political agents.

The Military's Post-1988 Political Strategy

When the army seized control in 1988 during the BSPP regime's collapse, they faced not only the recently-mobilised pro-democracy protests but also ethnic-minority separatist insurgencies that had broken out shortly after Burma's independence in 1948. The militarisation of Myanmar's internal conflicts, and the destruction of civilian politics in the 1960s, had left the army as the sole institution tasked with maintaining Myanmar's territorial integrity and political unity. Commensurately, although prepared to accept democracy, the military would only do so if safeguards were in place to prevent Myanmar's centrifugal disintegration. This generated plans for a 'disciplined democracy' that would limit political concessions to former separatist groups and preserve a leading political role for the military.

The army's fear of disintegration reflected Burma's endemic internal conflicts. Pre-colonial Burma had never been ruled as a coherent political entity. British colonialism exacerbated pre-existing divisions by establishing direct rule in central Burma, dominated by the majority ethnic Bamar, but only indirect rule through local elites in the highland border areas, populated largely by non-Bamars. These areas comprise about half of Burma's territory and one-third of its population (see figs. 1-2). Following World War II, Burma's Bamar-dominated nationalist movement demanded rapid independence from Britain, but this generated substantial unease among non-Bamars, who feared losing their local autonomy. A hasty accord was struck between nationalist leader Aung San and representatives of some minorities at Panglong in 1947, pledging them to work towards substantial regional autonomy (Walton, 2008). Reflecting this weak consensus, Burma's 1947 constitution ceded some local autonomy to five borderland regions and also empowered all the minority states to secede within ten years.



NB All areas are approximate. There is considerable intermingling of ethnic groups in several regions.

Fig. 1: Burma: Distribution of Main Ethnic Groups (Smith, 1994: 51)

Officially-Designated Ethnic Groups in Myanmar	
Major Group	Estimated Percentage Share of Population in 2000
Bamar	66.9
Chin	2
Kachin	1.4
Kayah	0.4
Kayin (Karen)	6.2
Mon	2.6
Rakhine	4.2
Shan	10.5

Others	5.7
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Fig. 2: Myanmar's Major Ethnic Groups (Tin Maung Maung Than, 2005: 67)

Unfortunately, militarised civil conflict prevented this fragile bargain being consolidated. Armed minority-nationalist movements had already mobilised in western Burma under British rule and, within months of independence, the Communist Party of Burma (CPB) launched an insurrection which sparked widespread army mutinies, spreading armed conflict to the Karens, Karenni, Mon and Pao (Smith, 2007: 10). Burma's democratic government was thus embroiled in ethnic conflict from the outset. The situation worsened in 1949 when a defeated Guomindang army retreated from China and established itself in Shan state, financing cross-border raids by exporting opium (heroin) in league with the CIA and Thai security forces (McCoy, 1972). Although the Guomindang were eventually removed, the heroin trade continued and, with the cross-border smuggling of timber, gems and other commodities, funded growing ethnic-minority separatist campaigns. By the late 1950s, the government had lost control of virtually all of its 5,876km-long borders. A split in the ruling party led to a two-year army 'caretaker' government (1958-60). Restored civilian rule remained unstable. Shan, Mon and Rakhine leaders increasingly demanded constitutional changes to permit greater regional autonomy, whilst other minority leaders openly discussed secession. This prompted the army to seize power again in 1962 to safeguard Burma's territorial integrity (Tin Maung Maung Than, 2005: 75). Its subsequent efforts to cohere the country's centrifugal forces by creating the one-party BSPP regime and promulgating a new constitution only spurred more rebellions. The army became locked into an endless series of counter-insurgency campaigns, and war and state-building became inseparably linked (Callahan, 2007a). The military understandably gained a powerful self-perception as 'the only national force capable of protecting and safeguarding the nation' (Lambrecht, 2004: 153).

This history is vital for understanding the military's post-1988 orientation. Western observers have typically viewed Myanmar as an ideological conflict between the anti-democratic military and the pro-democratic opposition led by Aung San Suu Kyi. Arguably, however, the dominant axis of conflict in Burma/ Myanmar has been inter-ethnic; and this, combined with a general fear of disorder, is certainly the prism through which the army viewed the question of democracy. As one leading junta member recounted, the 'local tangential forces' of the democracy movement were regarded as a 'secondary' concern compared to the borderlands' 'centrifugal forces' (Koh, 2011: 67). The generals who seized power as the State Law and Order Restoration Council (SLORC) believed, as Secretary-1 General Khin Nyunt put it, 'the Union was on the verge of disintegration' (Government of Myanmar, 2003: 11). They had again intervened, as in the 1950s and 1960s, to suppress the "'fire of civil war'", to stop irresponsible political parties and insurgent forces 'destroying the state' (Lambrecht, 2004: 153).

Nonetheless, SLORC did *not* envisage perpetual rule but, in accordance with their fears of Myanmar's disintegration, sought an *orderly, bounded transition* to civilian rule. Junta leader General Saw Maung expressly stated that SLORC had 'absolutely no desire to hold onto state power for a prolonged period' but would hold 'multiparty general elections' and 'return to the barracks' (Tonkin, 2007: 38). Elections were thus scheduled for May 1990. However, although it had initially pledged to transfer power to the victors, SLORC came to fear another disorderly and disastrous transition. The 1974 constitution had not resolved Myanmar's internal conflicts and was dissolved during the coup, providing no framework for a new government. Transferring power without a constitutional settlement risked another collapse of the state, which still faced dozens of separatist insurgencies and also armed resistance by pro-democracy activists who had joined them in the jungle. The junta's

overriding fear of Myanmar's fragmentation was expressed in SLORC's 'three national causes': 'non-disintegration of the Union; non-disintegration of national solidarity; perpetuation of national sovereignty'. Commensurately its political goals emphasised the 'stability of the state, community peace and tranquillity, prevalence of law and order', 'national reconsolidation' and the 'emergence of a new enduring state constitution' (Tin Maung Maung Than, 2005: 66). As Khin Nyunt, asserted: 'Only if a firm constitution can be drawn up and a government formed in accordance with it will the government be a strong one. Only a strong government can lead the State for a long time.' Thus, by mid-1989, SLORC insisted that voters would elect a constituent assembly, followed by a constitutional referendum and elections for a new government. The regime would maintain 'law and order and regional peace and tranquillity' whilst a suitable constitution was drafted 'step by step' (Tonkin, 2007: 41, 45, 46).

However, when the NLD won 60 percent of votes and 81 percent of seats in the 1990 polls, it demanded immediate recognition as the new government. This SLORC was unwilling to concede. Relations further soured when NLD leaders suggested Nuremburg-style trials for military leaders – threatening the individual and corporate interests of the army – and proposed simply reviving the 1947 constitution, which had enabled ethnic-minority secession and had already collapsed once under the pressure of separatist insurgencies (Tonkin, 2007: 42, 48). When the NLD tried to convene the elected parliament, SLORC perceived an attempt to form a 'parallel government' and instigate chaos. The army cracked down hard, and thus began the stand-off with which became the exclusive focus of Western attention.

The military's strategy for political transition remained strikingly consistent for the next two decades. Foiled by NLD intransigence in 1990, SLORC convened a National Convention (NC) in 1992 to draft a new constitution. Representatives elected in 1990 were heavily diluted by hand-picked delegates from different social groups and also, more importantly, leading ethnic-minority resistance organisations. The opportunity to involve them arose because the CPB, which had headed a major resistance coalition, collapsed in 1989. Its armies mutinied and split along ethnic lines when CPB leaders tried to suppress cross-border drug trafficking (Brown, 1999: 244). Several war-weary insurgent groups swiftly concluded ceasefires with SLORC from 1989-1991. The junta could then concentrate its forces against hold-outs, compelling a further round of ceasefires from 1994-1996, bringing the total to 14, encompassing most major groups. Several joined the NC to seek a political settlement.

The military used the NC to seek societal acceptance of its preferred solution to Myanmar's internal conflicts. In line with its concerns, SLORC established broad, non-debatable principles as the basis for the constitution, prompting widespread opposition criticism. These all revolved around constraining centrifugal forces, creating a strong central state and entrenching the military's role in governance, both to safeguard its corporate interests and to permit speedy intervention should Myanmar's unity be threatened (see fig. 3). These principles reflected SLORC's perception that the 1990 elections had been overly hasty and that Myanmar's territorial integrity and stability required an orderly transition to so-called 'disciplined', or 'discipline-flourishing', democracy (Koh, 2011: 102-3, 111-2, 141). However, important opposition forces resisted. The NLD rejected SLORC's non-democratic proposals, insisting that the 1990 election results be respected. After walking out of the NC in 1995, it was subsequently expelled. Perhaps more importantly, several major ceasefire groups also insisted on greater regional autonomy than SLORC dared concede. Lacking the confidence to simply impose a settlement without sufficient consent, SLORC had to abandon the NC in 1996. The regime settled in for the long haul, renaming itself the State Peace and Development Council (SPDC) in 1997.

Despite this rebranding, the regime’s strategy remained entirely unchanged when it issued its 2003 ‘roadmap to democracy’. Announced by General Khin Nyunt, this elaborated seven steps: the reconvening of the NC; the designing of a ‘disciplined democratic system’; the drafting of a new constitution; its adoption through a national referendum; elections; the convening of parliament; and the building of a ‘modern, developed and democratic nation’. Along with this method, the junta’s basic concerns and objectives remained identical:

... since... independence, armed insurrection emerged across the country... result[ing] in the weakening of national unity... Without trying to heal these own injuries and wounds it is very difficult to change overnight into a democratic state... The most important factor... is the emergence of a disciplined democratic system that does not effect [sic]... the Union of the national races living in unison and harmony... [or] the integrity of our people and nation... (Government of Myanmar, 2003: 12-13, 16)

The NC, which reconvened without the NLD (which boycotted proceedings) but with more minority representatives, was consequently made to work within identical restrictions to those in the 1990s. The regime’s strategy also survived the 2005 purge of Khin Nyunt, the architect of the ceasefires and the roadmap, and his military intelligence apparatus, underscoring the regime’s internal consensus. Minority leaders again complained that their input was largely discounted and they few, relatively small concessions. Nonetheless, the NC concluded successfully in 2007, having drafted a constitution virtually identical to the one SLORC had proposed in 1993 (see fig. 3). The 2008 referendum yielded an implausible 93.8 percent ‘yes’ vote on a 98 percent turnout. In 2010, elections were held and parliament convened, completing the junta’s ‘roadmap’.

Comparison of National Convention Proposals (1993-1996) and 2008 Constitution	
1993-1996 National Convention	2008 Constitution
<u>Aims and Objectives of the State</u> ‘non-disintegration of the Union; non-disintegration of national solidarity; perpetuation of sovereignty; flourishing of a genuine multiparty democracy system; ... justice, liberty and equality... for the Tatmadaw to be able to participate in the national political leadership role in the State.’	Identical, save for an amendment to ‘genuine, <i>disciplined</i> multi-party democratic system’
<u>State Structure</u> Seven Regions (predominantly Bamar areas of central Myanmar), Seven States (predominantly ethnic minority states), and Six Self-Administered Regions and zones (special autonomous areas delegated to ceasefire groups). Authority is highly centralised, with regions and zones merely empowered to implement national laws. No right of secession.	Identical, save for the new capital, Naypyitaw, replacing references to Yangon.
<u>Executive</u> Presidential system. President and Vice-Presidents to be selected for five-year term by an electoral college formed from the legislature. Candidates must be: born to Myanmar parents; aged at least 45; ‘well acquainted’ with matters of state, including ‘military affairs; residing in Myanmar for 20 years prior to an election; and they, their spouse and children must ‘not owe allegiance to a foreign power’ or be foreign citizens.* The president appoints the cabinet, but must select military personnel as ministers and deputy ministers of defence, security/ home affairs and border affairs. The president, vice-president and ministers must resign their seats in the legislature and not	Identical, except executive-branch members’ responsibilities are further elaborated and they may be dismissed for ‘inefficient discharge of duties’. A National Defence and Security Council, comprising executive, legislative and military leaders, is also established to assist the president and assume governmental powers after emergencies (see below).

participate in any party activities.	
<u>Legislature</u> Bicameral national parliament comprising House of Representatives (<i>Pyithu Hluttaw</i>), elected on the basis of population, and House of Nationalities (<i>Amyotha Hluttaw</i>), with equal numbers of representatives from each region/ state, each with concurrent five-year terms. Regional/ state/ zone parliaments elected on basis of population. 25% of seats reserved for military.	Identical, except <i>Pyithu Hluttaw</i> constituencies are allocated to townships as well as by population, and parliamentary responsibilities and procedures are elaborated.
<u>Judiciary</u> Independent. Hierarchy of supreme court, region/state high courts, and subordinate law courts.	Identical. Judicial responsibilities are further elaborated; ‘judges may be dismissed for inefficient discharge of duties’.
<u>Military</u> Military affairs are governed ‘independently’ by the military itself. During a ‘state of emergency characterised by inability to perform executive functions’, the President may assert executive powers but the army ‘has the right... to pre-empt that danger and provide protection’. The army is assigned responsibility for ‘safeguarding non-disintegration of the Union, non-disintegration of national solidarity and perpetuation of sovereignty’ and the Constitution. If these are threatened, the army commander-in-chief ‘has the right to take over and exercise state power’.	Identical, except for additional provisions for the National Defence and Security Council resuming governmental power and restoring democracy once the emergency ends; the army commander-in-chief is given vice-presidential status; and military justice is the military’s sole domain.

* These conditions were deliberately designed to exclude Aung San Suu Kyi from eligibility.

Fig. 3: Comparison of 1993-1996 National Convention and 2008 Constitution

Sources: *New Light of Myanmar*, 17 September 1993, 10 April 1994, 11 April 1995, 29 March 1996, 31 March 1996, 1 April 1996; Constitution of the Republic of the Union of Myanmar, 2008³

This analysis yields three basic conclusions. First, the Myanmar military’s predominant concern since 1948 has been the Union’s territorial integrity and political stability, particularly the threat from ethnic separatism. Second, this governed the post-1988 military regime’s attitude towards democracy: although it sought to transfer rule to civilians, this had to involve durable safeguards to defend Myanmar’s unity against centrifugal forces. Third, to achieve this, the regime pursued the same strategy three times, pressing other societal actors to accept a ‘disciplined democracy’. No ‘sudden’ event demanding short-term explanations, Myanmar’s democratisation in 2010 was thus the culmination of a lengthy struggle. The key question, then, is how the regime succeeded in 2010, having failed in 1990 and 1996.

Transformations in Political Economy and State-Building in Myanmar, 1988-2010

The basic answer is that, during this period, the balance of power between regime and opposition forces shifted fundamentally in the regime’s favour. This in turn stemmed from transformations in the geopolitics and political economy of Myanmar, its borderlands, and the wider region. After the Cold War, neighbouring states were more interested in promoting trade and investment to gain access to Myanmar’s natural resources than in backing anti-

³ For a detailed, comparative analysis of the texts, highlighting some additional, minor differences, see <http://www.leejones.tk/papers/MyanmarConstitution.pdf>.

government insurgencies. This boosted the resources available to the military regime for domestic repression, and enabled a strategy of elite co-optation by cultivating 'ceasefire capitalism'. The regime's goal, one senior junta member explained, was 'to enhance the centripetal forces holding the country together by trying to nullify the centrifugal forces made up of the secession-seeking minority/ national races, insurgents, narcotics groups, and even the straggling communists, by inviting them back to the legal fold' (Koh, 2011: 67). The regime largely succeeded. By the early 2000s, with the Bamar democratic opposition in abeyance and ceasefire group leaders largely subordinated, the regime felt sufficiently confident to resume Myanmar's forced march to 'disciplined democracy'. This section develops this analysis in three parts. The first briefly shows how post-Cold War geopolitical and economic transformations strengthened the military's hand against domestic opponents. The second explores the military, political and – most importantly – economic mechanisms by which Myanmar's ethnic-minority resistance groups were gradually incorporated into 'national' space. The third shows the impact of these transformations in enabling Myanmar's democratisation.

The Post-Cold War Shift 'from Battlefields to Marketplaces'

A central feature of Burma's communist and separatist insurgencies was their link to external powers. Excluding India, all Burma's neighbouring states granted some assistance to insurgent groups along their borders, including through providing sanctuary from attack and fostering a cross-border black-market trade in opium, timber, gemstones and weapons that maintained the insurgencies. By 1987, the black market's estimated value had reached \$3bn, 40 percent of Burma's GDP (Smith, 2007: 19). Defeating the insurgents was impossible while this trade continued. Therefore, a critical change was the reorientation of neighbouring states, particularly China and Thailand, as the Cold War declined.

As the ideological and security benefits of backing Burma's insurgents evaporated, powerful politico-business groups were now more interested in enhanced access to the Burmese borderlands' largely-untapped natural resources to fuel their own rapidly-growing economies. Large-scale penetration could not be achieved through piecemeal smuggling but required sound government-to-government relations. Thus, China's post-revolutionary regime ceased materially assisting the CPB in the 1970s, and did not rescue it in 1989, instead cultivating close ties with SLORC. Having defeated its internal communist insurgency, Thailand also ceased backing guerrillas against neighbouring socialist regimes. The plan instead was, as Prime Minister Chatchai Choonhavan put it in 1988, to transform 'battlefields into marketplaces' (Battersby, 1998-1999).

This transformation was critical in strengthening Myanmar's post-1988 military regime against opposition forces. First, neighbouring states stopped granting insurgents sanctuary, instead coercing them to sign ceasefires with SLORC. Second, to rescue the state from bankruptcy, SLORC quickly exploited the changing environment by inviting foreign investment and trade. This yielded immediate gains through the sale of raw materials and permits for timber, fisheries and mining, which now accrued to the state, not the insurgents. Hardwood timber exports alone earned \$160m annually from 1988-1995 (Khin Maung Kyi *et al.*, 2000: 13). Thai logging firms also constructed roads across the borderlands, facilitating military access to these areas (Battersby, 1998-1999: 486-487). Foreign investment also boomed from \$58m in 1990-1991 to \$800m by 1996-1997, much of which was routed into military-linked firms (Steinberg, 2001: 169). Thirdly, despite a Western arms embargo, the regime imported over \$2bn-worth of predominantly-Chinese weaponry, with the assistance of Singaporean banks (Selth, 2000). These developments all strengthened the regime's hand, facilitating the signing of ceasefires. By 1992, General Khin Nyunt explained, 'as the

conditions for peace and stability improved in the country and as national unity had been built to a certain extent, efforts were initiated... for the convening of the NC' (Government of Myanmar, 2003).

However, as mentioned above, this process ultimately failed to achieve political transition. The NLD, buoyed by widespread popular support and anger at the military, refused to cooperate. More importantly, some important ceasefire groups, like the Kachin Independence Organisation (KIO), boycotted the NC, whilst others were unhappy at the limited proposals for regional autonomy and still others remained in revolt. Without consent, the army lacked sufficient supremacy in the borderlands to simply impose its preferred settlement, since this risked renewed armed conflict. Beyond this broad structural change in Myanmar's external environment, therefore, we need to understand how the regime overcame its opponents' resistance.

The answer is partly straightforward coercion and repression. Using new flows of external resources, the regime increased the military's size from 180,000 to 400,000, and built a powerful military intelligence apparatus that penetrated most opposition groups (Selth, 2000). The junta had already incarcerated many leading pro-democracy activists after 1988. Following the NLD's NC boycott, the party faced intense state repression, provoking mass defections and the closure of all its offices outside of the capital, Yangon. By the early twenty-first century, the pro-democracy movement had effectively been crushed. Military penetration of the borderlands also increased sharply. In addition to establishing garrisons in ceasefire groups' territory, the expanded army was able to shift from seasonal counter-insurgency campaigns to permanently holding territory (and its natural resources) and forcibly relocating the remaining resistance groups' population bases. In addition to blocking insurgents' access to human and economic resources, the regime was thereby enabled to 'tax, monitor and micromanage the populace' (Lambrecht, 2004: 171). The regime also exploited splits among resistance groups, co-opting splinter groups to fight their former comrades. However, of equal importance to coercion was the co-optation of borderlands elites, and the strengthening of centralised rule, through 'ceasefire capitalism'.

Ceasefire Capitalism

A major motivation of ethnic-minority organisations to conclude ceasefires was the borderlands population's war-weariness and dire impoverishment. Whilst Bamar activists demanded democracy, minorities more often prioritised peace and development (Seng Raw, 2001). Accordingly, the primary means by which ceasefire groups were subsequently incorporated into a national system of rule were economic. This has involved concessions to existing (frequently illegal) economic activities; government development spending; and, most importantly, the establishment of capitalist enterprises tying central state actors to local elites and transnational business interests. Crucially, the regime also deliberately sought to reroute economic flows to undermine the resistance groups' independent economic bases and strengthen the central regime.

The ceasefires' secret terms are generally understood to have involved a *quid pro quo*: after suspending armed struggle, resistance groups would retain control of some territory and checkpoints, be permitted to continue – for the time being – cross-border trading, including in opium, and receive development assistance. Such pacts had historical precedents, notably the dictatorship's efforts to co-opt some ethnic-minority groups as 'Home Guard Units' in the 1960s and 1970s. This involved aligning the regime with notorious drugs barons like Lo Hsing Han and Khun Sa, who controlled large Kokang and Shan armies (Wong, 2013: 72-74). In the 1990s, however, these arrangements became far more widespread and stable, converting many minority elites into 'subcontract[ors]' for the state (Taylor, 2009: 450). The

former resistance organisations became increasingly depoliticised, with ‘civil society’ largely confining itself to conflict resolution and apolitical development activities. Army garrisons, state agencies and government-sponsored NGOs entered the borderlands, extending the state’s territorial reach into areas it had never before controlled. Unprecedented development and social services expenditure occurred, totalling over \$506m by 2003. The goal of this spending was explicitly political. As General Khin Nyunt explained, ‘we have given priority to the development of the border areas and the national races... [for the] consolidation of national unity’, conceived as the ‘basic foundations of the democratic system’ (Government of Myanmar, 2003: 11, 13). Infrastructure projects, particularly road-building, were prioritised, enhancing military access to the borderlands. By expanding the regime’s grip in the borderlands, development projects sought ‘to deprive the insurgent groups that control them of their resource base, to assert control over the lucrative border trade, and to spread Burman culture’ (Lambrecht, 2004: 162).

More important than development spending was the incorporation of minority elites and warlords through facilitating their participation in capitalist economic development. This took two main forms. First, the regime invited local elites to participate in joint ventures to exploit the borderlands’ natural resources, notably in logging, mining and agriculture. The army and local militias provided security for these joint operations whilst local brokers facilitated transboundary investment using personal ties established through black-marketeering. Foreign trade and investment were critical in enabling these strategies. Two-thirds of Myanmar’s inward investment went to just three resource-rich minority states: Kachin (\$8.3bn), Rakhine (\$7.5bn) and Shan (\$6.6bn) (TNI, 2011: 12). The rents these extractive enterprises generated then financed patronage networks centred on army regional commanders. Lucrative concessions were also used to reward loyalty. For example, for helping broker a ceasefire with the KIO, Yup Zaw Hkwang was given ten jade concessions; his Jadeland Co became a major force in mining, logging and fisheries. He grew so close to the military he became known locally as the ‘deputy regional commander’ (US Embassy, 2009b). Through such mechanisms ‘the resource concessions have helped the regime to expand its military, administrative and economic reach into areas of the country where it previously had little or none’ (MacLean, 2008: 143). Indeed, alliances formed around extractive industries generated a new power structure in the borderlands, characterised by Callahan (2007b: 3-4) as “‘emerging political complexes’... flexible and adaptive networks that link state and other political authorities to domestic and foreign business concerns (some legal, others illegal), traditional indigenous leaders, religious authorities, overseas refugee and diaspora communities, political party leaders, and NGOs.’ Minority elites representing these complexes were further incorporated into national structures via participation in the NC.

The second form of economic incorporation involved the regime inviting ethnic-minority elites to participate in the *national* economy by investing their illegally-obtained wealth. In exchange for a 25 percent ‘whitening’ tax, drugs barons and smugglers were permitted to launder their money through state-owned banks and invest in legitimate national businesses. Favoured individuals were again given lucrative investment opportunities. Lo Hsing Han, for example, was allowed to found AsiaWorld, now Myanmar’s largest conglomerate. AsiaWorld benefited extensively from government construction contracts, permits and privileged access to foreign investment: most Singaporean investment in the 1990s was reported mediated through Lo’s family (Bernstein and Kean, 1996). Khun Sa was also granted lucrative contracts after ‘surrendering’ in 1996. The emergent private banking system became dominated by Sino-Burmese ‘tycoons’, closely linked to rebel groups, whose wealth derived from drugs-running or smuggling (Turnell, 2009: 260-265). By the late 1990s,

one analyst observed that ‘the current Myanmar Business Directory... reads like a who’s who in the drug trade’ (Lintner, 1998: 179).

This process highlights a critical aspect of the regime’s co-optation strategy: the re-routing of economic flows to benefit the central regime and weaken ‘centrifugal forces’. By channelling the warlords’ capital through government banks and into national, state-mediated economic projects, the regime routed it away from the resistance groups it had hitherto been financing. Thus, allowing them to ‘return to the legal fold’ as so-called ‘national entrepreneurs’ politically neutralised them. This re-routing of economic flows was critical to ensure that the ‘levers of power’ were centralised, ‘without the beneficial periphery creating undue problems’, as a former SLORC finance minister put it (Koh, 2011: 201). This process of centralising resource rents was mirrored elsewhere. In areas newly under army control, mining permits issued to ceasefire groups were made conditional upon them selling at least 10 percent of their gemstones at government-run auctions in Yangon (MacLean, 2008: 143). By the mid-2000s, all precious stones mined by joint ventures had to be sold in this way and most exports to China, Myanmar’s major market, were re-routed through Yangon (US Embassy, 2006). Similarly, timber exports were redirected from cross-border roads, controlled and taxed by the KIO, to Yangon’s port, in order to ‘squeeze the KIO out of the timber business and thus weaken their political position against the regime’ (Woods, 2011b: 489). In a similar vein, drug eradication campaigns were targeted at recalcitrant resistance groups, concentrating the drugs trade in the hands of those tied closely to regional commanders (SHAN, 2003). In agribusiness, local elites either joined increasingly centralised networks of regional army commanders, ‘national entrepreneurs’ and Chinese investors, or were squeezed out. These strategies ‘increased state funds... [and] – more importantly – cut off ethnic political resistance groups’ access to resource rents... trading networks became connected to the regime’s wider patron-client relations’, with power shifting from local headmen to ‘regional and national military officials and Chinese businesspeople’ (Woods, 2011a: 750-752, 765-767). Growing foreign investment in hydropower, oil and gas extraction – sectors controlled exclusively by the state – also yielded rents directly to the regime, bypassing the borderlands altogether.

However, this centralising process was neither smooth nor even. Along the Thai border, for example, the United Wa State Army’s (UWSA) military strength, and competition between Thai and Chinese investors, enabled UWSA to retain considerable control over local rents and thereby maintain large militias (TNI, 2011: 75). Moreover, despite the re-routing of commodity trade, smuggling persists along Myanmar’s porous borders. Development assistance has not reversed decades of underdevelopment. Counter-insurgency campaigns often produce forced displacement and humanitarian crises. The rapacious nature of ‘ceasefire capitalism’ – a brutal form of primitive accumulation – also alienated many non-elite non-beneficiaries.⁴ Nonetheless, the overall trajectory favoured the regime’s centralising strategy and weakened the resistance groups’ capacity and volition to resume armed struggle. This paved the way for the ‘roadmap to democracy’.

Resuming the Roadmap

By 2003, even the US embassy (2003) conceded that the regime ‘has basically won its ethnic wars... [by mixing] political negotiations with military force, economic inducements, and diplomatic initiatives to isolate, defeat, co-opt, and slowly re-integrate its armed opponents within the Burmese Union’. The issuing of the ‘roadmap to democracy’ in the same year was

⁴ It has, for example, spawned new forms of protest in the form of environmentalist pressure groups, though tellingly these have only been able to flourish beyond Myanmar’s borders (Simpson, 2013).

not coincidental. General David Abel, then minister in the SPDC chairman's office, commented: 'we know that power belongs to the people. But, at that time [the 1990s], we didn't have peace in the country... The mechanisms of democracy couldn't work, because we had these insurgencies. Now that the insurgency has almost come to an end, we implemented this programme with the roadmap'.

The critical role of the regime's borderlands strategy and ceasefire capitalism in enabling the regime's approach to political transition to succeed in the 2000s when it had failed in the 1990s is clear from the behaviour of key ethnic-minority organisations. In the 1990s, some major ceasefire groups boycotted the NC, some maintained a separatist platform, and others remained in open rebellion. By 2004, 17 armed groups had entered ceasefires; virtually every group had downgraded its aspirations from separatism to federalism; all of the major ceasefire group participated in the NC; and the last major holdout, the KNU, seized the opportunity to enter into peace talks. As Smith observes, the roadmap had an 'immediate and galvanising effect... in an otherwise barren landscape, many political strategies and reappraisals came to be based around it.' Minority elites eagerly embraced the NC as a 'culmination of their ceasefire strategies', an opportunity to embed their post-1988 gains (Smith, 2006: 41, 46). They made similar complaints about the limited regional autonomy proposed and the inflexible response to their concerns, winning limited concessions in just 13 areas. Nonetheless, in 2007 they approved a virtually identical constitution to the one offered in 1996. The KIO's behaviour symbolised the reversal. In 1993-1996, the KIO boycotted the NC; in 2004-2007, they participated. In 2007, even as Buddhist monks marched in Yangon, KIO leaders held mass rallies in support of the NC and, in 2008, ordered their followers to vote 'yes' in the constitutional referendum (Sadan, 2009: 151, 153).

The military's success in crushing the pro-democracy opposition was also clear. In 1995, widespread, active support enabled the NLD to effectively 'veto' the NC. In 2004-2007, the much-weakened NLD again boycotted proceedings, but this time the regime forged ahead regardless. It had, meanwhile, constructed the Union Solidarity and Development Association, a mass organisation claiming 23 million members by 2005. This converted into the Union Solidarity and Development Party to contest (and win) the 2010 elections; stuffed with ex-military figures and their cronies, it would preclude any Nuremberg-style trials for the retiring generals. Clearly, the SPDC was now sufficiently powerful vis-à-vis opposition parties to bounce them into a settlement. Rather like the NC's ethnic-minority representatives, many democracy activists recognised that the military-directed transition was the only means to make progress, and registered to contest the 2010 elections. This included the National Democratic Force, which split from the NLD. Its chairman, Khin Maung Swe (2012), had no illusions as to why Myanmar democratised:

without any effort of politicians, or NLD, or us, the political scenario has changed. It was changed only because of Than Shwe and his military top brass decided to move... That was their decision... it was the right time for them: they can live on, in a secure position, no bloodshed, and no destruction of their wealth, and they are in a secure position. Only then we got a parliamentary democracy.

Again, the process was not smooth, particularly in the borderlands. A major aspect of the transition was the SPDC's push to incorporate the ceasefire groups' militias into the army as 'border guard forces' (BGFs). This would, it was hoped, neutralise the main basis for serious resistance to central government control and the risk of resumed armed conflict under a democratic regime. However, the SPDC had clearly overestimated its capacity to impose the BGF scheme. Although several ceasefire groups agreed to comply, some larger ones

resisted, notably the UWSA and KIO, and these ceasefires broke down during 2009. Although the army's now-superior strength allowed it to swiftly drive the weaker groups back into ceasefires, the status of a few key groups remained unsettled. These struggles likely delayed the elections to 2010, and compelled the regime to abandon the BGF scheme. Nonetheless, the military clearly felt sufficiently confident to proceed with democratisation. Intensified counter-insurgency campaigns against the KIO in 2011-2012 bore out this confidence: the KIO's forces were driven back to the Chinese border, forcing them into peace talks in a weakened state. In May 2013, the parties agreed a seven-point plan towards a ceasefire.

The military's forced-march towards 'disciplined democracy' has been highly imperfect. Its strategy has often been brutal, involving widespread casualties, human rights abuses, forced displacement and the seizure of land and resources. This brutality, and the narrowness of the military, ethnic-minority and business elite that benefited from it, won the central government little affection among minority populations. Nor has it resolved the fundamental political questions that always drove the insurgencies. The post-2010 government has implicitly recognised this in pursuing peace talks with the minorities prior to pursuing a more permanent settlement of their grievances. Nonetheless, from the military regime's perspective, its strategy succeeded: by neutering the Bamar opposition and significantly neutralising Myanmar's 'centrifugal forces', it had made Myanmar 'safe' for democracy. This perspective, however distasteful, is indispensable for understanding why Myanmar democratised.

Conclusions and Implications

This article argued that Myanmar's democratisation was a top-down, managed process resulting from a change in the balance of societal forces that allowed the incumbent regime's values to be secured under democratic rule. Although the suppression of Bamar pro-democracy activism was an important aspect of this change, more critical was the transformation of centre-periphery relations as part of Myanmar's post-Cold War capitalist development. 'Ceasefire capitalism' incorporated and substantially neutralised the 'centrifugal forces' that the military feared could tear Myanmar apart under democratic rule. Despite its many limitations, this strategy enabled the regime to pursue its 'roadmap' to 'disciplined democracy'.

For democratisation theorists, the Myanmar case poses a number of challenges, some discussed in the introduction. It seems particularly problematic for some of the 'transitions' literature, which sees democratisation as arising from elite dispositions and pacts designed to transcend inconclusive struggles between societal groups who recognise their mutual interdependence (e.g. O'Donnell and Schmitter, 1986; Karl and Schmitter, 1991). Myanmar's democratisation seems to stem more from a rather more conclusive – if still incomplete – power struggle favouring the incumbent regime. There was also relatively little transformation in Myanmar's social structure, which modernisation theorists and structuralists both emphasise. Myanmar remains highly ethnically diverse, which is often seen as impeding democratisation. Despite expanding and broadening, the bourgeoisie remained highly state-dependent and, consequently, did not agitate for regime change, in line with the experience of other late-developing countries (Bellin, 2000). Meanwhile, the middle classes were steadily decimated, not least by Western sanctions. Myanmar seems to conform better to Huntington's (1993) 'transformation' model, where the ruling elite is stronger than opposition forces and takes the lead in implementing democracy according to its preferences. However, a critical puzzle remains the timing of the shift: why 2010 and not 1996, or 1990? This cannot be understood apart from changing social power relations favouring the regime

which, in turn, must be grasped as part of the transformation in Myanmar's political economy and geopolitical context. This suggests a dynamic, historical explanatory approach to institutional change focused on the strategies, resources and power of contending social forces, within an evolving structural context (Jessop, 2008).

For Western policymakers, the argument challenges the notion that external pressure and sanctions helped democratise Myanmar. By focusing exclusively on the pro-democracy opposition, Western policymakers neglected the more determinate axis of conflict, centre-periphery struggles. Indeed, ethnic-minority elites frequently complain that Western states ignored their concerns and embargoed desperately needed development assistance (Smith, 2006: 54-55). Sanctions can only work if, by altering the balance of power between contending forces, they compel or persuade incumbent forces to compromise. This was always unlikely in Myanmar because, given what the army felt was at stake – the country's very survival, a supreme value for most military regimes (Geddes, 1999) – it was likely to sacrifice virtually every other value before relinquishing control to a civilian regime it feared would be unstable. The sanctions targeted personally at regime elites were particularly pointless since, although some undoubtedly gained financially, personal enrichment was never the regime's *raison d'être*. From the regime's perspective, only when the central state had been strengthened sufficiently against opposition and 'centrifugal' forces could democratisation be risked. To the extent that sanctions complicated this strengthening, therefore, they actually *delayed* Myanmar's democratisation.

They arguably did so in two ways. First, sanctions encouraged pro-democracy activists to maintain a hard-line goals grossly disproportionate to its power to achieve them. An NLD central executive committee member confirms that the party 'sometimes' took a more confrontational stance than it would have without sanctions (Han Tha Myint, 2012). One ex-member agrees that sanctions were 'one of the reasons why the NLD chose that confrontational course'; yet 'we haven't achieved anything, except that many of our colleagues were thrown into jail, or they lost their lives and property and everything' (Than Nyein, 2012). Another goes further, arguing: 'only because of sanctions did we dare enough to make confrontation... and confrontation did not make any change' (Khin Maung Swe, 2012). Had the opposition's stance been more realistic, perhaps the regime would have felt confident to proceed earlier – certainly regime members consistently maintain this (Koh, 2011: 71, 90, 103, 141-143, 209; Government of Myanmar, 2003).

Secondly, sanctions may have deprived the regime of resources which could have been used to cultivate more quickly the patron-client relations that significantly stabilised Myanmar's internal power relations. This counterfactual hypothesis is more contestable, not least because trade and investment in Myanmar substantially increased despite Western sanctions. Sanctions could not buck the wider transformation in Myanmar's political economy and geopolitical environment that enabled the military's state-building strategy. Instead, sanctions perhaps reinforced the dynamics of 'ceasefire capitalism'. The enforced absence of alternative development pathways arguably intensified the military's grab for natural resources in the borderlands, whilst simultaneously depriving non-regime forces of economic opportunities not controlled by the regime. Certainly, few ethnic-minority activists feel sanctions benefited their communities or their political struggles. A prominent Kachin peace mediator argues:

Because of sanctions... the government sided with the Chinese and opened more ways for illegal trading in our area. That gave benefit to the military government and also some... KIO [elites] and insurgent groups. But the people at the grassroots got no benefit at all... Sanctions are [supposed] to help the people at the grassroots... but it becomes reversed (Saboi Jum, 2012).

There is thus growing popular resentment of the rapacious 'ceasefire capitalism' and its narrow band of beneficiaries. Although this was insufficient to derail the military's 'roadmap', nor does it facilitate lasting peace and equitable development.

These counterproductive aspects of sanctions – observed in many cases – should cause Western policymakers to reflect on the drawbacks of such intervention. Where the power imbalance between incumbent and opposition forces favours the former, external coercion is unlikely to improve matters (unless it is overwhelming, which arguably produces even worse outcomes, as in Iraq and Afghanistan). If the incumbent regime has a strategy for political transition – however flawed – and this is the only realistic means of change given local power relations, external forces may actually speed the transition by constructively supporting this strategy rather than seeking to undermine it. In Myanmar's case, this could have involved modest assistance for peace-building, confidence-building and economic and constitutional development, as in South Africa, for example. An unrealistic strategy of confrontation arguably helped no-one, including Western states themselves, which are now scrambling to reposition themselves in Myanmar's changed environment.

Finally, there are implications for Myanmar's political actors. Given the top-down, managed nature of the transition, the basic social and economic power relations established under military rule remain intact and are already powerfully conditioning the operation of Myanmar's new democracy. Heroic efforts will be needed to build socio-political coalitions capable of challenging these entrenched dynamics if democratisation is to yield genuine emancipation (Jones, forthcoming). More specifically, centre-periphery relations, whilst more stable than ever, remain tense and, in some areas, violent, because no lasting settlement of minorities' political and cultural grievances has been achieved. Ceasefires remain elusive in Kachin state and have broken down repeatedly in Shan state. In Rakhine state, communal violence between Buddhist Rakhines and Muslim Rohingyas led to martial law being imposed since late 2011, and anti-Muslim violence has also spread to Bamar-dominated central Myanmar. These crises have remained relatively geographically contained; if they become more generalised, however, the risk of military intervention to safeguard Myanmar's 'sovereignty' will escalate. Lamentably, beyond vague blandishments about the 'rule of law', Aung San Suu Kyi has been largely silent about these problems, which reflects the NLD's essentially Bamar-nationalist character and its ambiguous relationship to ethnic-minority parties and concerns. Consensus is apparently converging around the need for a 'second Panglong', and Thein Sein's administration has been pursuing peace talks and a subsequent conference on centre-periphery relations. However, whether the Bamar elite is prepared to make sufficient concessions is doubtful. Many ethnic-minority leaders still insist on federalism. Although a government minister says this is being considered – with Germany as a potential model – for many current and former military leaders, federalism is incompatible with national unity; and given the managed transition, their views and interests remain a powerful force to be reckoned with. Careful compromise will be required on both sides.

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