

VERACITY INSIGHTS

POLITICAL RISK & STRATEGY

A PARADOX OF POWER: IN NEWLY DEMOCRATIC MYANMAR, THE MILITARY CONTINUES TO HOLD SWAY

Ethnic Issues Remain a Vital Concern

By Daniel Patton

As Myanmar attempts to rebuild itself as a pro-investment democracy after more than a half-century of military rule, the country is struggling to address its myriad ethnic issues – most importantly through ongoing peace talks with ethnic groups demanding greater autonomy and representation in government. Additional issues include ethnic discrimination and religious tension between Muslims and Buddhists. While the outgoing government made significant progress in the peace talks, and the incoming National League for Democracy (NLD) government has marked the talks as a key priority, the issue remains one of the biggest threats not only the country's fledgling democracy but also to investors' interests there.

Although Myanmar's newly elected NLD has effectively gained control of the country, the Burmese military continues to wield significant power: Were ethnic tensions to reach a breaking point, the National Defense and Security Council (NDSC), which is disproportionately filled with military members, could impose martial law and disband the parliament. Because both the military and the NLD are committed to the country's democratic future, however, the NDSC would only take such action under dire circumstances.

Ethnic discrimination – namely against the Rohingya people, whom the government refuses to recognize as citizens – and religious tension are also significant in Myanmar, but they do not pose the same threat to the country's federal integrity as insurgent ethnic groups. These groups, in turn, pose a threat to the investment climate as a whole, warranting close attention over the next six to 12 months as the peace talks continue between the NLD, the military, and the ethnic groups themselves.

A FRAGILE DEMOCRACY

The NLD did not come to power through revolution, but through an organized transfer of power from the military to an elected civilian government (first to the military-backed United Solidarity and Development Party, and then, inevitably, to the NLD). While the military has, indeed, loosened its grip, it still holds 25 percent of the seats in Parliament, which gives it the right to veto any proposed changes to the constitution, and maintains control over three key ministries: Defense, Border Affairs, and Home Affairs. Moreover, it still enjoys guaranteed status in local governments and retains power, via the NDSC, to legally impose direct rule at the national level.

Some have argued that in maintaining such power, the military is not serious about instating a true democracy in Myanmar. There may a degree of truth to this, but it's worth noting that the military deliberately created the system now in place, and for practical reasons.



First, an absolute transfer of power from the military to the NLD would likely stoke dissent within the ranks and lead to a power grab – as has repeatedly played out in neighboring Thailand, whose military has staged a series of coups that have routinely destabilized that country’s democracy. In contrast, by guaranteeing itself authority within the government, the Burmese military may counter-intuitively be protecting Myanmar’s own fledgling democracy from meeting a similar fate.

Second, it helps to ensure that Myanmar’s current military leaders maintain their status, and that their successors, who have “done their time” and seen their men die battling insurgents in Kachin and Shan States, among other areas of conflict, will inherit what they perceive as a hard-earned right to power.

STRIKING A BALANCE

As mentioned above, the NDSC can dissolve the government if the president were to declare a state of emergency (the military could step in regardless, but this would be a last resort), though it would be unlikely to do so. Military leaders began the transition of power after acknowledging privately that they had made a mess of the country, and that its path at the time was unsustainable: it was too dependent on China, its economy was in shambles, and the military had lost its prestige. Moreover, they would not have ceded power, even nominally, if they were uncomfortable with the eventuality of the NLD effectively running the country.

For all intents and purposes, then, the military and the NLD are in theory aligned both ideologically and pragmatically on a core issue: for both groups, maintaining the integrity of the union is paramount, and this means establishing unity among the country’s diverse ethnic groups. To that end, the NLD has appointed several ethnic minorities to cabinet posts, thereby signaling that it wants to integrate ethnic interests into government processes and decision-making.

While this is a start, and an important move considering how poorly ethnic parties did in the elections, there is a range of delicate issues that need to be settled to satisfy all parties, such determining the power of local authorities as well as tax collection and revenue sharing for lucrative extractive industries in ethnic areas, not to mention ceasefire and disarmament terms for armed groups.

Given these persistent challenges, ethnic conflicts continue to erupt, and the military, which has long seen itself as the protector of the state, has made managing them a top priority. Senior NLD officials, meanwhile, are poorly positioned to affect change on their own: they lack experience in negotiations, do not control the key ministries listed above (Defense, Border Affairs, and Home Affairs), and although they want to see a peaceful resolution, they are in nascent stages of developing a strategy for achieving one. Should the peace process show signs of unraveling, the military may take a more active role.

LOOKING (CAUTIOUSLY) FORWARD

Despite the NLD’s efforts to foster unity and mitigate conflicts in Myanmar, the ethnic issues described above continue to pose significant risks. To be successful, the NLD will need to find a solution that is palatable to both the military and the country’s ethnic groups. Failing that, outbreaks of violence will continue, and should the situation deteriorate significantly to a point of crisis, the military may feel it needs to reassert itself. This would be a huge setback for the country’s democracy and create an inhospitable environment for investors in Myanmar.