

Absolute Power

Burma's army controls economy and government

By Bertil Lintner in Bangkok



Visiting Rangoon after a long spell abroad, a Burmese asked his taxi driver about life under the current regime. "This government is really good," the driver deadpanned. "You get everything you want, money, jobs, girls, everything—if you're in the army!"

In Burma, the army wields absolute political power. What's more, it controls all major businesses. Not even a small-scale merchant can survive without solid army connections. "They've got it all," says a Rangoon-based diplomat. "In relative terms, Burma's generals have more economic power than the Thai military and they are politically much more in control than the Indonesian army."

Nowhere in Asia is an army so deeply entrenched in society, and nowhere does that look less likely to change. If anything, the Burmese military's political role may soon be enshrined in a new constitution, one that clearly borrows from the Indonesian concept of *dwifungsi* (dual function). With Aung San Suu Kyi's opposition party excluded from the ongoing constitutional convention, the army is unlikely to meet much resistance to its demand for the right to appoint 110 of 440 seats in the proposed lower House of Representatives and 56 of the 224 members of the upper House of Nationalities.

Politically, the army's grip on power is evident in the huge cabinet that rules Burma. Out of 36 ministers and 24 deputies, nearly all are serving or retired army officers. Economically, the liberalization of the past six years hasn't meant a loosening of the military stranglehold: A holding company formed by the army in early 1990, Union of Myanmar Economic Holdings, controls the lion's share of foreign investment entering the country.

The army, or *tatmadaw*, has not always ruled the roost in Burma. It became an important factor only after independence from Britain in 1948, when the country almost fell apart as a result of ethnic rebellions and communist insurgency. Several army units even defected. One of the few regiments to remain loyal to the government was the 4th Burma Rifles of Gen. Ne Win. To fight the rebels, the democratic government of U Nu appointed Ne Win commander-in-chief and agreed to more than triple the size of the armed forces, to 40,000 men by 1955.

By 1962, the army had swollen to 100,000 men and had become a state within a state. Ne Win staged a coup, abolished the old constitution and installed a military-controlled government, which under various guises has been in power ever since.

The 1962 coup established a "socialist" system, which in practice meant that the economy was taken over by 23 military-run state corporations. This led to the economic collapse of what was once one of Asia's wealthiest countries. According to Burmese economist Mya Maung: "The net effect of total nationalization and



Men with the most.

control of procurement and distribution of basic necessities, particularly rice, produced a nationwide, giant blackmarket which came to be known initially as Corporation No. 24."

The Burmese army's biggest threat came in August and September of 1988. It came not from jungle insurgents, but from millions of ordinary citizens who marched against military rule in virtually every city, town and major village across Burma. The army brutally crushed the pro-democracy uprising. American Burma scholar David Steinberg points out the army's goal was not to seize power, which it already possessed. Rather, "It was the military's way of reasserting control over an urban population in revolution."

The crackdown nonetheless spurred the expansion of the armed forces, and gave them even more direct political and economic power. From less than 200,000 in the late 1980s, the strength of Burma's military has now passed the 300,000-mark. The military junta formed

in 1988, the State Law and Order Restoration Council, says the goal is a well-equipped force of 500,000 men.

The free-market system was reintroduced after 1988, bringing some new prosperity into the cities. But the army remains firmly in control of the economy. "Whatever the official system has been called, it has always been virtually impossible to set up a lucrative business without close contacts with high-ranking army officers," says a former Western ambassador to Rangoon. "Before the 1988 coup, there was sham socialism. Now the Burmese have to put up with sham capitalism."

The army's holding company, Umeh, is Burma's largest firm. It's also the dominant player in the area of foreign investment, controlling 14 joint ventures ranging from garment manufacturing to real estate. Its registered capital stands at 10 billion kyats, or \$1.4 billion at the official exchange rate. It notably manages the

army's pension funds and owns Myawady Bank, giving it ready sources of financing. It's not hard to guess where a chunk of Umeh's hard-currency earnings go: A 40% shareholder is the Defence Ministry's Directorate of Procurement, which handles arms acquisitions.

The army has embarked on an ambitious modernization programme. The United States estimates that the Burmese army imported a record \$390 million of military hardware in 1992, up from \$20 million in 1988. Procurement spending has now levelled out at \$120 million-140 million annually.

To justify the military's power and privilege, the regime has initiated a vigorous campaign to rewrite history. A government commission has been set up specifically for this purpose, and it has produced a series of books and booklets that highlight—and often grossly overstate—the role of the army in Burma's past. This tendency is even reflected in TV dramas, such as one that portrays 19th-century reformer King Mindon as primarily a military commander.

"As a result of its current recruitment drive and arms-procurement programme, the army is now the largest and best-equipped military force that Burma has ever mustered," Australian Burma scholar Andrew Selth says. It could be added that at no time in Burmese history has the army also been so powerful in politics and business. If the new constitution is promulgated without major alterations, it will keep that power for the foreseeable future.