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**Subj:** A Note on Non-violent Pressures – Part.2

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## Businesses should re-engage with the opposition in Burma

The common response by majority of Burmese (probably 90%) about the businesses operating in their country, which reflected in various published letters over the years and also from current comments on the Internet, is simple: "Kick all the businesses out of Burma." Despite these civil protests by anti-SLORC groups, some international businesses have kept their presence in Burma with the hope that they will be able to operate in the future. Current obstacles for businesses in Burma are not only of the protests by these activists. It also include the lack of legal and financial infrastructure, an uncooperative SLORC and the totally unpredictable political situation. Notably, in spite of these difficulties, it is the oil companies that have consistently kept their presence in Burma since the SLORC announced their economic "open-door" policy in 1989.

### The obstacles in economic liberalization

Regarding with the international business community's attempt to economically open up Burma, it is clear that there has been very little progress made over the years. The technical obstacles that were pointed out in two articles in 1989 (Asiaweek's "Burmese Ways to Capitalism" and Far Eastern Economic Review's "Open door, closed minds") are still in existence in 1997 -- the evidence of SLORC do not have the capacity to understand the problems. There was a sign of SLORC retreating from economic liberalization in 1991 (See FEER's "A policy of pillage"). Then again in early 1994, a renewed welcome to foreign businesses was made by SLORC.

In their battle to economically open up Burma, the international businesses are facing not only with SLORC's lack of understanding about economy and lack of infrastructure as their main problems; the obstacle also include the "Burmese economic xenophobia." Of course, every country on the earth, including the "Corporate America" and "Multicultural Australia", have this kind of xenophobia in varying degree. But it need to be noted that Burma as a country have uniquely isolated for more than 30 years from international businesses. Adding to this fact is that the people who are advocating a freemarket happen to be the same people who are responsible for isolating Burma. It is quite likely that the Generals will keep their conventional outlook (& prejudices) on the international businesses, although they may wish to see the country developed. It should be stressed that unless an economic system that is clear and transparent to the general population being developed, there will always be the tendency to retreat from economic liberalization in Burma. A change to democratic system of government, with a plan to educate the Burmese population about how international

businesses operate, will certainly be needed for successful economic liberalization. Reform on taxation and education about the foreign ownership of businesses are essential in this context.

The SLORC's intention to attract businesses into Burma appears to be changing ever since the opening. It is clear that SLORC's decision to open the country for foreign-businesses in 1989 was driven by the pressure to survive. In the later years, SLORC's motive for economic opening seems to have changed into seeking contact with international community through businesses and, ultimately, to derive its legitimacy from such contacts.

There is one known account of SLORC using its business contact for political purpose: the case of the Miriam Marshall Associates. In 1994, Ms M.M. Segal, the Chairperson of above company gave a testimony before the United States House Foreign Affairs Sub-committee on Asia and Pacific. We will need to discourage such cases of SLORC using the businesspeople to spread propaganda in order to gain the international acceptance.

The SLORC's changing interests in the ASEAN membership can also be understood in this context. There has been no evidence of SLORC interested in ASEAN membership until early 1996. Only recently, the SLORC appears to become quite interested to join ASEAN. This development is in parallel with the growing condemnation of its illegitimate rule by the international community and United Nations. Therefore, SLORC approached ASEAN for its international acceptance and, hence, legitimacy.

When we normally talk about the trade sanctions and economic embargo, it includes the restriction of intergovernmental grants and also of the suspension of loans from international financial institutions. In this context, the limited sanctions imposed on Burma have been quite strong already. Currently, the amount of the revenue flow from businesses into SLORC's hand is also quite small (We will certainly need to keep that way for a while.). From my personal view, we should rather counter the problem of the SLORC trying to seek its legitimacy through business contacts.

### To Counter the SLORC seeking legitimacy

One of the highlights of this year's developments, in my view, would be the human rights report by the Special Rapporteur, Rajsoomer Lallah. The report has clearly explained about the unconstitutional nature of SLORC's rulings, especially after the period of May-1990 election.

SLORC has signed various contract agreements with foreign firms as if it was a legitimate government after May-1990 election. The business community should be informed about the status of their contracts and, also,

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should be encouraged to seek approval of their contracts from the National League for Democracy. We can start this campaign by the oil companies in the U.S., Japan, France and Thailand. Hopefully, other businesses will follow the same path. This will marginalize SLORC from attempting to seek legitimacy through international business community. (We would have been saving a lot of energy for this work if the Third Committee of U.N. General Assembly is a little more flexible about it in last November.)

Most of the contracts the SLORC claimed to have made so far seems to be merely "on the paper agreements" and may not represent actual investment flows. We would certainly need to inform the businesses not to invest with large sum of money into Burma.

#### The chance of success for sanctions

There is an important question of whether the sanctions will be able to topple the military junta or, at least, to force the SLORC to enter dialogue with opposition. My estimate is that the sanctions, although an important leverage on SLORC, alone cannot force the SLORC to make political concessions. However, the sanctions have certainly influenced the SLORC to behave better.

The pro-sanction strategies against the dictatorial governments, such as the SLORC of Burma, are designed to have the three possible outcomes: (1) the economic hardship may force the population to turn against the government; (2) economic hardship within the armed forces may led to a coup and (3) the government may be forced to negotiate with its opponents because of the hardships of population or its isolation.

The first option is clearly an inhuman and callous policy, which we must avoid it as much as possible. There has been an unquestionably clear disapproval of the rulings of current military junta by Burmese population. It is therefore no need to create further tensions. The unwanted outcome of such sanction strategy can be the complete social breakdown of the population.

The second option, a military coup in Burma, is also not a good policy since it will help the continuation of military dominance in Burmese politics. There are certain resentment by the Burma army rank-and-files about current military leadership; and a coup may be underway if properly orchestrated along with the sanctions. The unwanted outcome, however, is the army itself become breaking-down and local warlords rise up (There are some signs of this trend already emerging in Burma.).

The third option may be the most desirable among these possible outcomes. It, however, is unlikely that the SLORC will negotiate with opposition simply because of the suffering of economic hardships of the population; the SLORC's insensitivity about the suffering of Burmese people is well known. However there is some possibility that, if all the international businesses withdraw from Burma, the SLORC will feel even more isolated and may consider to negotiate with the opposition. Nevertheless, the

trade sanction alone is not a decisive leverage; it must apply in combination with other forms of pressures.

One weak element, in my personal view, in some pro-sanction strategies in general is that the implication of abandoning the oppressed population whilst sanctions are being enforced. The pro-sanction strategy overlooked the necessity to build an alternative body to replace the existing military regime (Argument in this paragraph is somewhat unrelated to the trade and economic sanctions, but more against the so-called "Total isolationist approach"). In our example of Burma, the pro-sanction groups at some stage had called upon governments to cut off all the diplomatic ties with Rangoon military government and also to withdraw all foreign contacts (Hence a total-isolation). Measures such as downgrading diplomatic representations may be necessary in some circumstances. However, the foreign contacts are always necessary -- either as human rights monitors or humanitarian workers or even as journalists -- in order to ease government's oppressive measures and to maintain international solidarity with the oppressed population.

#### Trade sanctions: Where it worked best

Although the trade sanction cannot decisively force SLORC to make political concessions, it certainly influence the SLORC to behave better. During the period of 1989-1992, the SLORC had conducted most vicious crackdown on the opposition and offensive on the ethnic nationalities. It is believed that the SLORC was anticipating the large financial support from oil companies at that time. Most oil companies entered in 1989, however, withdrew in 1991/92 because of the disappointing results from their initial explorations. The SLORC's hope for survival was dashed and, only then, it began to sober down. The series of political concessions, release of political prisoners et cetera et cetera, including ceasefires with the ethnic nationalities, were followed by that period. (It should also be noted that the serious condemnations made by the U.N. General Assembly (i.e. 1991 onwards) and international community are also the contributing factors in this case of SLORC changing behaviour.)

*With best regards, U Ne Oo.*

#### Endnotes:

- 1) "Burmese Ways to Capitalism", Asiaweek 17 February 1989.
- 2) "Open door, closed minds", Far Eastern Economic Review 14 December 1989.
- 3) "A policy of pillage", Far Eastern Economic Review 8 August 1991.
- 4) "Licensed to drill", Far Eastern Economic Review 8 August 1991.

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