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"U.S. Policy Toward Burma"



Mr. Chairman, members of the Committee, thank you for giving me the opportunity to testify.

I have been following events in Burma for almost 20 years now, watching its people struggle at tremendous cost simply for the right to lead normal lives in a democratic country. You cannot get to know Burma without heartbreak. So many good people have given their lives for this cause; so many more have given up what little freedom they enjoyed in Burma so that their children and grandchildren could someday enjoy more. And yet, it's hard to get to know Burma without also feeling inspired. The people of this country have faced the most awful violence and cynicism, and yet have sustained a political movement dedicated to non-violence and reconciliation. Time and again, despite unrelenting repression, they have organized themselves in sophisticated and principled ways, not just to demand political freedom, but to respond to natural disasters like Cyclone Nargis, to deliver to themselves the basic services their government neglects, and to remain connected to the outside world. Burma has a painful past, but thanks to its people it has the potential to have a promising future.

Of course, Burma poses an incredibly difficult problem for policy makers hoping to encourage that more hopeful future. Terrible human rights violations continue, including the detention of some 2,100 political prisoners, and a campaign of repression against ethnic minority civilians that has destroyed hundreds of communities and displaced hundreds of thousands of people. Fragile cease fires with armed ethnic minority groups appear to be unraveling, opening the prospect of renewed conflict that could send thousands more refugees across Burma's borders with China and Thailand. The Burmese government's economic policies are driving the Burmese people deeper into poverty, causing some experts to predict a collapse of the economy's agricultural foundations, even as leaders siphon off for their own use billions of dollars of revenues from the sale of the country's natural resources. Addressing these challenges is hard because Burma's military, which has clung to power for five decades, remains determined to hold on to it, and has demonstrated its capacity to use extreme violence to that end.

But even if the problem Burma poses is difficult, it is not necessarily complicated. We know the source of Burma's difficulties – an authoritarian government committing grave human rights violations and pursuing ruinous economic policies. There is little mystery about what this government believes and plans to do; it is quite transparent on both scores. And it is not hard to imagine a way out of this mess – a political process that leads to compromise between the military and the political opposition.

Unlike many authoritarian countries with significant human rights problems, including Asian countries like China and Vietnam, a clear alternative to authoritarian rule already exists. Burma has a well organized and relatively sophisticated opposition movement that commands broad support from the country's people. It also has a strong civil society, reflected both in new self-help associations that sprung up after the Saffron Revolution in 2007 and Cyclone Nargis in 2008, and in the extraordinary institution of the monkhood, or Sangha, which provides basic services to the Burmese people and moral authority to the opposition movement. The building blocks of a political solution to Burma's crises do not have to be invented; they are already there, even if they continue to be repressed.

To understand the way forward in Burma, it is important to understand that there are essentially two political forces in the country that matter. There is the military, which has all of the power, but none of the legitimacy. And there is an opposition, which broadly defined includes Aung San Suu Kyi's National League for Democracy (NLD), the country's Buddhist monks, other dissident groups, and ethnic minority organizations. This opposition has none of the power, but all of the legitimacy.

Considering the military's abuses and mismanagement over the years, it is tempting to say that the military should simply step aside and give way to democratic forces. But that is not likely to happen any time soon. Realistically, as Aung San Suu Kyi has acknowledged, the military will continue to play an important role in Burma's political life for some time to come.

By the same token, considering how determined the military has been to cling to power, some say that it is the political opposition that should step aside and accommodate itself to military rule, while encouraging a more gradual evolution

of the system. But this is equally unrealistic. Burma's people have demonstrated repeatedly that they do not want to live under a government that rules with such a lethal combination of violence and neglect; they have continued and will continue to assert their desire for change. They will not give the Burmese military decades to evolve unchallenged; if soldiers continue to rule illegitimately, Burma will likely see a continuation of its now familiar cycle of uprising followed by brutal, destabilizing repression.

Just as any realistic solution has to accommodate the reasonable needs of the military, it will also have to take into account the existence, importance, and needs of the popular opposition. Somehow, power and legitimacy must come together in Burma. No other solution will be stable or stand a chance of succeeding.

The Obama administration's Burma policy, announced last month, recognizes these basic realities of Burma. It is a thoughtful and well balanced approach. It is also not as much of a dramatic departure from past U.S. policy as some expected, and others portrayed it to be.

Under the new policy, existing sanctions against Burma will be maintained, and, indeed, may be enhanced if political progress is not made in Burma. This is appropriate – not just because lifting sanctions now would send the wrong signal, but because carefully targeted sanctions (especially financial measures aimed at the Burmese government's ability to use the international banking system) offer the most effective leverage the United States has to change the military leadership's calculations.

Under the new policy, the administration will also look for ways to expand humanitarian aid to Burma to help meet the extraordinary needs of a suffering population, and to support where possible genuine non-governmental groups that are also working to meet those needs. This is also appropriate, and non-controversial. At the same time, the administration has correctly concluded that humanitarian aid is not the solution to what is essentially a political problem in Burma. Nor can aid address the country's poverty and underdevelopment – only a fundamental change in the government's economic policies and priorities could do that.

The most significant change the administration has made is a decision to engage the Burmese leadership in a more sustained way and at a higher level. This, too, is a very good thing. It takes off the table the pernicious argument that Burma's impasse is the result of America's refusal to talk to its leaders or a US policy of isolating Burma. The administration has made some important gestures to demonstrate its willingness to engage the Burmese leadership respectfully. The onus is now clearly on Burma's leaders to respond.

In my view, the defining feature of the administration's policy is its realism.

First, this policy recognizes the reality that a solution to Burma's problems requires a political process in which both the military and the opposition engage each other and find a way forward together. It rightly maintains the longstanding U.S. demand that the Burmese government cease repression of the political opposition, release all political prisoners, and begin a dialogue with the NLD and ethnic minority groups. Again, as much as some on both sides of the policy debate outside Burma might wish otherwise, there is simply no way forward that doesn't require both sides inside Burma to make difficult compromises. And so, as important as it is for the United States to speak directly to the Burmese leadership, true progress can only come when the leadership speaks to its people.

Second, while the policy does not reach a final conclusion about how the United States should react to Burma's planned 2010 elections, it does not rest its hopes on those elections either, or on the new "civilian" government those elections are designed to produce, or on the new constitution upon which this process is based.

There are many examples in history of imperfect elections that produced positive change. Poland's 1989 election is a classic example: The conditions were unfair and the opposition could only compete for one third of the seats in the Polish Parliament, but votes were counted honestly, and when the opposition won a huge victory, it created political momentum that led to a democratic transition. But Burma already had an election like that, in 1990, when the NLD won virtually every seat. In 2008, the Burmese government staged a national referendum on its new constitution, and this time it made sure to rig the results. Absent some

change in the political status quo, the outcome of the 2010 elections is likely to be determined by Burma's rulers, not by its people.

As for Burma's new constitution, it does in principle create a degree of civilian control over the military. For example, under the constitution, the military commander in chief will be chosen by the country's president, who in turn will be elected by its parliament. It is common, however, in totalitarian systems for constitutions to create a democratic façade on top of an authoritarian foundation (the Soviet Constitution under Stalin, for example, was among the most democratic foundational documents in the world in its time). In reality, true authority in such systems is vested not in the constitutionally mandated ministries and legislative bodies, but in parallel structures – a ruling party, or military apparatus. Absent a more inclusive political process in Burma, that is likely to remain the case. The army will choose who sits in parliament (and reserve a quarter of lower house seats and a third in the upper house for serving military officers), and then determine whom this parliament will select to be the president, who will then affirm the army's own choice of commander in chief.

Moreover, even if we wanted to take the new Burmese constitution at face value, many of its other provisions make plain that the military will retain control. The document gives the military the right to control its own budget and adjudicate and administer all of its own affairs, in effect guaranteeing future impunity; it gives courts the power to declare legislative and executive decisions unconstitutional, but not military decisions; it makes the military the formal guarantor of "national solidarity and the perpetuation of sovereignty" (terms frequently used as pretexts for violence against the populace); it gives the military the right to appoint key government ministers, including home affairs, who will answer to the Commander in Chief, not to the president; it gives the military, not civilian authorities, the power to enlist any citizen in the security services. This constitution was not written to establish, even gradually, a civilian or democratic government in Burma. It was written to place military rule in Burma within a more stable and lasting legal framework.

And while a new generation of military leaders will eventually emerge from this process, those leaders will likely base their decisions on the same set of self-interested calculations as the current generation. The challenge for U.S. policy is to affect those calculations.

In a **third** mark of realism, the administration clearly rejected the view put forward by some that lifting sanctions against Burma would spur economic activity and growth inside the country, which might in turn lead to a political opening.

Unlike South Korea or Taiwan before they opened up politically, or even China or Vietnam today, Burma does not have a true market economy. The military government has ensured that the industries which produce hard currency revenue, and any other profitable opportunities that may sometimes arise, remain concentrated in its hands. Corruption and stifling state meddling drove out most serious Western investors (outside the extractive sector) before U.S. and European sanctions were imposed. If sanctions were removed today, it is not likely that Burma would receive significant new investment in sectors like manufacturing and services that provide opportunities for employment and for transfers of intellectual capital. Most new investment would likely flow to extractive industries – natural gas development, hydro-electric projects, mining, timber and gems. This kind of investment would only reinforce the Burmese government's current development strategy – pulling natural resources out of the ground, converting them into cash, and storing that cash in off shore, off budget accounts for the private benefit of the elite. In other words, removal of sanctions would not accelerate Burma's transformation into another South Korea or even China or Vietnam. It would accelerate Burma's transformation into another Democratic Republic of the Congo, in which the plunder of resources reinforces corruption and repression.

Indeed, the nature of Burma's political economy makes targeted sanctions particularly appropriate and useful. Sanctions – particularly financial sanctions -- tend to affect precisely those forms of economic activity that are controlled by the Burmese government and its cronies, while barely affecting the informal economy in which ordinary Burmese eke out a living. In addition to providing political leverage, well implemented sanctions can also slow down the process by which Burma's natural wealth is plundered, laundered overseas, or put to uses (such as weapons purchases or building the military's bizarre new capital of Naypidaw) that do nothing for Burma's economic well being.

Over the next several months, my understanding is that the administration will maintain sanctions while seeking a dialogue to test how seriously the Burmese

government wishes to improve relations with the United States and to make the compromises necessary to achieve that goal. No one expects miracles in this time frame. The question is whether the government will take even small steps to ease repression and re-engage with its political opposition. Will it release significant numbers of political prisoners, and stop arresting new ones? Will it allow the NLD to function more normally as a political party, by allowing Aung San Suu Kyi to meet regularly with other party leaders and with foreign diplomats? Will it allow humanitarian access to conflict areas and pull back from attacks on ethnic populations? Will it re-engage with the opposition on substantive issues, including the organization and climate surrounding the election? Will it be open to discussing more fundamental issues, like the constitution? I am not optimistic, but with the right mix of pressure and engagement and a unified message from the international community, it is possible that the government's desire to ease sanctions and to gain international legitimacy will produce some short term gains.

On the other hand, we should remember that the Burmese military leadership is expert at time management. A more likely explanation of its strategy right now is that it is focused on its own internal consolidation process leading to the 2010 elections, and using dialogue to keep the international community occupied until then.

For this reason, the United States must take a disciplined, time-bound approach to any process of engagement with Burma. A willingness to ease sanctions if reasonable progress is made must be matched by a readiness to use targeted financial sanctions more creatively and effectively if, in the coming weeks and months, it becomes clear that Burma's military junta is playing for time. It should be remembered that the financial sanctions the Congress imposed in the Burma JADE Act have not been fully implemented. In particular, they have not been effectively applied against the financial proceeds of the Burmese military's most lucrative economic activity – natural gas development. As we have seen in the case of North Korea, the creative use of such measures can provide powerful leverage against the most recalcitrant and self-isolated regimes.

Successfully implementing this policy will require intensive diplomatic outreach to countries with diplomatic and economic influence in Burma, from Indonesia which has been a leader among southeast Asian nations in calling for political progress in Burma, to Singapore, where the Burmese government reportedly has

maintained significant bank accounts, to Thailand, which, as a neighbor of Burma, absorbs the refugees and narcotics Burma exports, to China and India, which compete for influence with the Burmese government, to the European Union, which has imposed some economic sanctions, but not yet the more sophisticated financial sanctions employed by the U.S. Treasury. All these players must be clear that the fundamental expectations of American policy have not changed (something that risks being confused by the emphasis in the new policy on "engagement," which has led some in the international community to conclude, falsely, that the U.S. is no longer pressing as hard for change).

Successful implementation will also require steady high level engagement by President Obama, Secretary Clinton, and other senior members of the administration, so that the policy is not allowed to drift. The administration's new Sudan policy, for example (which was announced on October 19th), includes an explicit provision for quarterly interagency reviews to assess "indicators of progress or of deepening crisis" and to decide on "calibrated steps to bolster support for positive change and to discourage backsliding." Similar discipline will be needed in the case of Burma.

Finally, successful implementation requires a sense of realism but not of resignation. The status quo in Burma is depressing but it is not stable. Illegitimate political systems can last a long time even under sustained internal and external pressure, but they do not last forever. And when they do change, the experts who predicted such change could never come shift to explaining why it was inevitable.

We cannot predict when a better day will dawn in Burma. But we can do our part, in support of the much larger part played by the Burmese people, to make it dawn a little sooner.

Thank you Mr. Chairman. I would be pleased to take your questions.